GARIEP MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS

for the year ended

30 June 2015

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ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2015

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FOR THE YEAR ENDED 30 June 2015

GENERAL INFORMATION

GENERAL INFORMATION

Gariep Municipality (the municipality) is a local government institution in Burgersdorp, Eastern Province, and is one of four local municipalities under the jurisdiction of the Joe Gqabi District Municipality. The principal activities of the municipality are disclosed in the Annual Report and are prescribed by the Municipal Finance Management Act (MFMA).

MAYOR

NW Ngoqo

GRADING OF THE LOCAL AUTHORITY

Grade 2

EXTERNAL AUDITORS

Office of the Auditor General (East London)
PO Box 13252
East London
5217

PRIMARY BANKER

ABSA Bank

REGISTERED OFFICE

1 Jan Greyling Street
Burgersdorp
9744

PO Box 13
Burgersdorp
9744

Telephone: (051) 653-1777
Facsimile: (051) 653-0056
Website: http://www.gariep.gov.za/

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these Annual Financial Statements, which are set out on pages 1 to 117, in terms of Section 126(1) of the Municipal Finance Management Act (Act No 56 of 2003) and which I have signed on behalf of the municipality.

T MAWONGA	**S MCINGANE**
MUNICIPAL MANAGER	**ACTING CHIEF FINANCIAL OFFICER**
31 August 2015	31 August 2015

GARIEP MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2015

MEMBERS OF THE COUNCIL

Cllr. NW Ngoqo	**Mayor**
Cllr. SB Kolase	Councillor
Cllr. MK Mnyombolo	Councillor
Cllr. TZ Notyeke	Councillor
Cllr. N Mabunu	Councillor
Cllr. B Kweyiya	Councillor
Cllr. P Kayster	Councillor
Cllr. AM van Zyl	Councillor
Cllr. NTT Kula	Councillor
Cllr. M Nel	Councillor

CERTIFICATION OF REMUNERATION OF COUNCILLORS

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

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T MAWONGA
MUNICIPAL MANAGER
31 August 2015

GARIEP MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2015

AUDIT REPORT

The 2014/15 Audit Report will be attached hereto when received, after the completion of the statutory audit.

GARIEP MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2015

	Note	Actual 2015 R	2014 Restated R
ASSETS			
Current Assets		**30,971,370**	**28,111,024**
Inventories	1	118,402	99,195
Receivables from Exchange Transactions	2	10,830,223	7,590,702
Receivables from Non-exchange Transactions	3	19,211,805	16,493,717
VAT Receivable	4	-	2,577,682
Cash and Cash Equivalents	5	810,940	1,349,728
Non-Current Assets		**338,008,524**	**344,714,240**
Property, Plant and Equipment	6	312,192,448	318,531,650
Intangible Assets	7	413,186	620,063
Investment Property	8	14,231,192	14,276,504
Heritage Assets	13	11,041,248	11,041,248
Biological Assets	10	130,450	244,775
Total Assets		**368,979,894**	**372,825,264**
LIABILITIES			
Current Liabilities		**100,763,915**	**77,855,875**
Consumer Deposits	11	112,921	60,241
Provisions	12	651,895	576,000
Payables from Exchange Transactions	13	63,898,557	44,886,578
Payables from Non-exchange Transactions	14	33,487,166	26,868,410
Unspent Conditional Grants and Receipts	15	524,371	3,630,573
VAT Payable	16	102,190	-
Current Portion of Long-term Liabilities	17	1,986,815	1,834,073
Non-Current Liabilities		**24,248,992**	**26,605,041**
Long-term Liabilities	17	1,325,615	3,300,110
Employee Benefit Liabilities	18	13,515,017	14,348,000
Non-current Provisions	19	9,408,360	8,956,931
Total Liabilities		**125,012,907**	**104,460,916**
Total Assets and Liabilities		**243,966,987**	**268,364,348**
NET ASSETS		**243,966,987**	**268,364,348**
Accumulated Surplus / (Deficit)	20	243,966,987	268,364,348
Total Net Assets		**243,966,987**	**268,364,348**

GARIEP MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2015

	Note	Actual 2015 R	2014 Restated R
REVENUE			
Revenue from Non-exchange Transactions			
Property Rates	**21**	6,511,217	7,637,440
Property Rates - Penalties imposed and collection charges	**27**	-	34,986
Fines	**22**	5,433	14,443
Income from Agency Services	**23**	1,807,252	3,168,619
Government Grants and Subsidies Received	**24**	40,071,201	43,525,128
Revenue from Exchange Transactions			
Service Charges	**25**	23,175,987	23,234,842
Rental of Facilities and Equipment	**26**	122,966	188,297
Interest Earned - External Investments	**27**	159,507	181,930
Interest Earned - Outstanding Debtors	**27**	7,243,571	2,619,579
Other Revenue	**28**	388,826	2,609,357
Total Revenue		**79,495,260**	**83,214,621**
EXPENDITURE			
Employee Related Costs	**29**	30,448,022	29,411,893
Remuneration of Councillors	**30**	2,976,395	2,853,279
Depreciation and Amortisation	**31**	16,634,189	16,715,249
Impairment Losses	**32**	8,538,196	4,267,624
Repairs and Maintenance	**33**	1,433,167	664,873
Finance Costs	**34**	5,436,725	4,871,502
Bulk Purchases	**35**	15,655,415	15,164,893
Contracted Services	**36**	6,704,511	11,337,449
Grants and Subsidies Paid	**37**	2,424,253	353,884
General Expenses	**38**	13,641,759	12,976,509
Total Expenditure		**103,892,632**	**98,617,155**
SURPLUS / (DEFICIT) FOR THE YEAR		**(24,397,372)**	**(15,402,534)**

Refer to Budget Statement for explanation of budget variances

GARIEP MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2015

Description	Total for Accumulated Surplus/(Deficit) Account	Total
	R	R
2014		
Balance at 30 June 2013	263,971,441	263,971,441
Change in Accounting Policy (Note 40)	-	-
Correction of Error (Note 41)	19,795,440	19,795,440
Restated Balance	**283,766,881**	**283,766,881**
Surplus / (Deficit) for the year	(15,402,534)	(15,402,534)
Contributions to Funds and Reserves	-	-
Interest allocated to Funds and Reserves	-	-
Donated / Contributed PPE	-	-
Grants utilised to obtain PPE	-	-
Funds and Reserves utilised to finance PPE	-	-
Asset disposals	-	-
Offsetting of Depreciation	-	-
Balance at 30 June 2014	**268,364,347**	**268,364,347**
		(1.22)
2015		
Change in Accounting Policy (Note 40)	-	-
Correction of Error (Note 41)	-	-
Restated Balance	**268,364,347**	**268,364,347**
Surplus / (Deficit) for the year	(24,397,360)	(24,397,360)
Contributions to Funds and Reserves	-	-
Interest allocated to Funds and Reserves	-	-
Donated / Contributed PPE	-	-
Grants utilised to obtain PPE	-	-
Funds and Reserves utilised to finance PPE	-	-
Asset disposals	-	-
Offsetting of Depreciation	-	-
Balance at 30 June 2015	**243,966,987**	**243,966,987**

Details on the movement of the Funds and Reserves are set out in Note 20.

GARIEP MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2015

	Note	Actual 2015 R	2014 Restated R
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Property Rates	**21**	4,486,685	5,657,910
Government Grant and Subsidies	**24**	36,964,999	40,498,943
Service Charges	**25**	12,752,352	21,999,221
Interest Received	**27**	159,507	181,930
Other Receipts	**28**	10,362,887	6,343,814
Payments			
Employee Related Costs	**29**	(31,205,110)	(29,841,893)
Remuneration of Councillors	**30**	(2,976,395)	(2,853,279)
Interest Paid	**34**	(5,436,725)	(4,871,502)
Suppliers Paid	**36**	(4,698,131)	(12,996,204)
Other Payments	**38**	(9,005,114)	(8,444,194)
NET CASH FLOWS FROM OPERATING ACTIVITIES		**11,404,955**	**15,674,746**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	**6**	(10,121,990)	(12,496,973)
NET CASH FLOWS FROM INVESTING ACTIVITIES		**(10,121,990)**	**(12,496,973)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of Borrowings	**17**	(1,821,753)	(2,711,548)
NET CASH FLOWS FROM FINANCING ACTIVITIES		**(1,821,753)**	**(2,711,548)**
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		**(538,788)**	**466,225**
Cash and Cash Equivalents at Beginning of Period		1,349,728	883,503
Cash and Cash Equivalents at End of Period	**5**	810,940	1,349,728

GARIEP MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2015

30 June 2015

Description	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Virement	Final Budget	Actual Outcome	Expenditure Overspent	Variance	Actual Outcome as % of Final Budget
	R	R	R	R	R	R	R	R	R
FINANCIAL POSITION									
Current Assets									
Inventories	37,548	-	37,548	-	37,548	118,402	-	80,854	315.34
Receivables from Exchange Transactions	81,349,816	-	81,349,816	-	81,349,816	10,830,223	-	(70,519,593)	13.31
Receivables from Non-exchange Transactions	39,751	-	39,751	-	39,751	19,211,805	-	19,172,054	48,330.37
VAT Receivable	-	-	-	-	-	-	-	-	0.00
Cash and Cash Equivalents	18,442,200	-	18,442,200	-	18,442,200	810,940	-	(17,631,260)	4.40
		-		-					
Non-Current Assets		-		-					
Property, Plant and Equipment	83,176,959	-	83,176,959	-	83,176,959	312,192,448	-	229,015,489	375.34
Intangible Assets	-	-	-	-	-	413,186	-	413,186	0.00
Investment Property	-	-	-	-	-	14,231,192	-	14,231,192	0.00
Heritage Assets	-	-	-	-	-	11,041,248	-	11,041,248	0.00
Biological Assets	-	-	-	-	-	130,450	-	130,450	0.00
Total Assets	183,046,274	-	183,046,274	-	183,046,274	368,979,894	-	185,933,620	201.58
Current Liabilities									
Consumer Deposits	6,859,933	-	6,859,933	-	6,859,933	112,921	-	(6,747,012)	1.65
Provisions	125,349,946	-	125,349,946	-	125,349,946	651,895	-	(124,698,051)	0.52
Payables from Exchange Transactions	-	-	-	-	-	63,898,557	-	63,898,557	0.00
Payables from Non-exchange Transactions	56,280,012	-	56,280,012	-	56,280,012	33,487,166	-	(22,792,846)	59.50
Unspent Conditional Grants and Receipts	-	-	-	-	-	524,371	-	524,371	0.00
VAT Payable	-	-	-	-	-	102,190	-	102,190	0.00
Current Portion of Long-term Liabilities	-	-	-	-	-	1,986,815	-	1,986,815	0.00
Non-Current Liabilities									
Long-term Liabilities	2,785,630	-	2,785,630	-	2,785,630	1,325,615	-	(1,460,015)	47.59
Retirement Benefit Liabilities	314,376	-	314,376	-	314,376	13,515,017	-	13,200,641	4,299.00
Non-current Provisions	-	-	-	-	-	9,408,360	-	9,408,360	0.00
Total Liabilities	191,589,898	-	191,589,898	-	191,589,898	125,012,907	-	(66,576,991)	65.25
Total Assets and Liabilities	**(8,543,624)**	**-**	**(8,543,624)**	**-**	**(8,543,624)**	**243,966,987**	**-**	**252,510,611**	**0.00**
Net Assets (Equity)									
Accumulated Surplus / (Deficit)	(8,543,624)	-	(8,543,624)	-	(8,543,624)	243,966,987	-	252,510,611	0.00
Total Net Assets	**(8,543,624)**	**-**	**(8,543,624)**	**-**	**(8,543,624)**	**243,966,987**	**-**	**252,510,611**	**0.00**

Financial Position: Explanation of Variances between Approved Budget and Actual

Reasons for Variances greater than 10% between Approved Budget and Actual Amount on the various items disclosed in the Statement of Financial Position are explained below:

Proper procedures to budget for Financial Position have not been developed and implemented. Furthermore, the system utilised does not carry budget for Financial Position and no budgetary control can be performed.

30 June 2015

Description	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget
	R	R	R	R	R	R	R	R	R
FINANCIAL PERFORMANCE									
Revenue from Non-exchange Transactions									
Property Rates	-	9,368,899	9,368,899	7	9,368,906	6,511,217	-	(2,857,689)	69.50
Fines	19,896	(11,160)	8,736	(0)	8,736	5,433	-	(3,303)	62.19
Licences and Permits	-	-	-	-	-	-	-	-	0.00
Income for Agency Services	5,066,621	(3,539,817)	1,526,804	1,514,287	3,041,091	1,807,252	-	(1,233,839)	59.43
Government Grants and Subsidies Received	15,434,000	2,521,318	17,955,318	(1,721,318)	16,234,000	18,119,201	-	1,885,201	111.61
Public Contributions and Donations	-	-	-	-	-	-	-	-	0.00
Revenue from Exchange Transactions									
Service Charges	37,021,960	(9,492,538)	27,529,422	12,064,758	39,594,180	23,175,987	-	(16,418,193)	58.53
Rental of Facilities and Equipment	436,962	(276,621)	160,341	2	160,343	122,966	-	(37,377)	76.69
Interest Earned - External Investments	1,164,886	230,372	1,395,258	0	1,395,258	159,507	-	(1,235,751)	11.43
Interest Earned - Outstanding Debtors	5,824,833	(32,983)	5,791,850	0	5,791,850	7,243,571	-	1,451,721	125.06
Other Income	11,929,367	(11,428,451)	500,916	9,194	510,110	388,826	-	(121,284)	76.22
Gains on Disposal of Property, Plant and Equipment	-	-	-	-	-	-	-	-	0.00
Profit on Sale of Land	-	-	-	-	-	-	-	-	0.00
Total Revenue	86,975,525	(22,737,981)	64,237,544	11,866,931	76,104,475	57,543,260	-	(18,561,215)	75.61
Expenditure									
Employee Related Costs	36,202,366	(4,502,288)	31,700,078	(1)	31,700,077	30,448,022	-	(1,252,055)	96.05
Remuneration of Councillors	3,105,272	594,728	3,700,000	-	3,700,000	2,976,395	-	(723,605)	80.44
Collection Costs	-	-	-	-	-	-	-	-	0.00
Depreciation and Amortisation	8,644,916	-	8,644,916	-	8,644,916	16,634,189	7,989,273	7,989,273	192.42
Impairment Losses	2,900,541	39,929	2,940,470	0	2,940,470	8,538,196	5,597,726	5,597,726	290.37
Repairs and Maintenance	883,779	19,343	903,122	70,001	973,123	1,433,167	460,044	460,044	147.28
Finance Costs	2,563,200	552,593	3,115,793	0	3,115,793	5,436,725	2,320,932	2,320,932	174.49
Bulk Purchases	22,577,809	1,725,367	24,303,176	0	24,303,176	15,655,415	-	(8,647,761)	64.42
Contracted Services	12,301,745	(6,479,808)	5,821,937	(47,000)	5,774,937	6,704,511	929,574	929,574	116.10
Grants and Subsidies Paid	19,738,423	(2,189,909)	17,548,514	500,200	18,048,714	2,424,253	-	(15,624,461)	13.43
General Expenses	13,197,070	963,829	14,160,899	66	14,160,965	13,641,759	-	(519,206)	96.33
Loss on Disposal of Property, Plant and Equipment	-	-	-	-	-	-	-	-	0.00
Total Expenditure	122,115,121	(9,276,216)	112,838,905	523,266	113,362,171	103,892,632	17,297,549	(9,469,539)	91.65
Surplus/(Deficit)	(35,139,596)	(13,461,765)	(48,601,361)	11,343,665	(37,257,696)	(46,349,372)	(17,297,549)	(9,091,676)	0.00
Transfers Recognised - Capital	26,596,000	-	26,596,000	-	26,596,000	21,952,000	-	(4,644,000)	82.54
Surplus/(Deficit for the Year	**(8,543,596)**	**(13,461,765)**	**(22,005,361)**	**11,343,665**	**(10,661,696)**	**(24,397,372)**	**(17,297,549)**	**(13,735,676)**	**-**

Financial Performance: Explanation of Variances between Approved Budget and Actual

Depreciation and Amortisation:

Depreciation and Amortisation increased beyond budgetary expectations because of the implemenation of a new Asset Register.

Impairment Losses:

Under budgeted for Impairment Losses on Receivables, due to insufficient settlement of debt during the year.

Repairs and Maintenance:

Repairs and Maintenance requirements increased beyond budgetary expectations during the year.

Finance Costs:

It was not budgeted for Interest accrued for Provision of Landfill Sites, and Interest to be accrued on Creditors' accounts was underestimated.

Contracted Services:

Expenditure incurred on Proffesional Contractor Fees exceeded budgetary expectations.

30 June 2015

Description	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget
	R	R	R	R	R	R	R	R	R
CAPITAL EXPENDITURE PER FUNCTION									
Executive and Council	600,000	-	600,000	-	600,000	152,843	-	(447,157)	25.47
Community and Social Services	3,128,160	(3,128,160)	-	-	-	-	-	-	0.00
Roads and Transport	7,299,040	3,128,160	10,427,200	-	10,427,200	9,969,147	-	(458,053)	95.61
Total Capital Expenditure	**11,027,200**	**-**	**11,027,200**	**-**	**11,027,200**	**10,121,990**	**-**	**(905,210)**	**91.79**

30 June 2015

Description	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget
	R	R	R	R	R	R	R	R	R
CASH FLOW									
Cash Flows from/(used in) Operating Activities									
Property Rates	6,745,515	-	6,745,515	-	6,745,515	4,486,685	-	(2,258,830)	66.51
Grants	41,716,200	-	41,716,200	-	41,716,200	36,964,999	-	(4,751,201)	88.61
Public Contributions and Donations	-	-	-	-	-	-	-	-	0.00
Service Charges	27,101,534	-	27,101,534	-	27,101,534	12,752,352	-	(14,349,182)	47.05
Interest Received	5,825,000	-	5,825,000	-	5,825,000	159,507	-	(5,665,493)	2.74
Other Receipts	31,986,951	-	31,986,951	-	31,986,951	10,362,887	-	(21,624,064)	32.40
Employee Related Costs	(36,202,366)	4,502,289	(31,700,077)	-	(31,700,077)	(31,205,110)	494,967	494,967	0.00
Remuneration of Councillors	(3,105,272)	(594,728)	(3,700,000)	-	(3,700,000)	(2,976,395)	723,605	723,605	0.00
Interest Paid	(241,542)	-	(241,542)	-	(241,542)	(5,436,725)	-	(5,195,183)	0.00
Suppliers Paid	(63,216,144)	(3,907,561)	(67,123,705)	-	(67,123,705)	(4,698,131)	62,425,574	62,425,574	0.00
Other Payments	(8,033,928)	-	(8,033,928)	-	(8,033,928)	(9,005,114)	-	(971,186)	0.00
Cash Flows from/(used in) Investing Activities									
Purchase of Property, Plant and Equipment	(10,427,200)	-	(10,427,200)	-	(10,427,200)	(10,121,990)	305,210	305,210	0.00
Cash Flows from/(used in) Financing Activities									
New Loans raised	-	-	-	-	-	-	-	-	0.00
Loans repaid	(894,155)	-	(894,155)	-	(894,155)	(1,821,753)	-	(927,598)	0.00
Cash and Cash Equivalents at End of the Year	**(8,745,407)**	**-**	**(8,745,407)**	**-**	**(8,745,407)**	**(538,788)**	**63,949,356**	**8,206,619**	**0.00**

Cash Flow: Explanation of Variances between Approved Budget and Actual

Reasons for Variances greater than 10% between Approved Budget and Actual Amount on the various items disclosed in the Cash Flow Statement are explained below:

Proper procedures to budget for Cash Flow have not been developed and implemented. Furthermore, the system utilised does not carry budget for Cash Flow and no budgetary control can be performed.

30 June 2014

Description	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget
	R	R	R	R	R	R	R	R	R
FINANCIAL POSITION									
Current Assets									
Inventories	-	-	-	-	-	99,195	-	99,195	0.00
Receivables from Exchange Transactions	93,580,508	-	93,580,508	-	93,580,508	7,590,702	-	(85,989,806)	8.11
Receivables from Non-exchange Transactions	-	-	-	-	-	16,493,717	-	16,493,717	0.00
VAT Receivable	-	-	-	-	-	2,577,682	-	2,577,682	0.00
Cash and Cash Equivalents	461,352	-	461,352	-	461,352	1,349,728	-	888,376	292.56
Non-Current Assets									
Property, Plant and Equipment	91,821,875	-	91,821,875	-	91,821,875	318,531,650	-	226,709,775	346.90
Intangible Assets	-	-	-	-	-	620,063	-	620,063	0.00
Investment Property	-	-	-	-	-	14,276,504	-	14,276,504	0.00
Heritage Assets	-	-	-	-	-	11,041,248	-	11,041,248	0.00
Biological Assets	-	-	-	-	-	244,775	-	244,775	0.00
Total Assets	185,863,735	-	185,863,735	-	185,863,735	372,825,264	-	186,961,529	200.59
Current Liabilities									
Consumer Deposits	-	-	-	-	-	60,241	-	60,241	0.00
Provisions	-	-	-	-	-	576,000	-	576,000	0.00
Payables from Exchange Transactions	-	-	-	-	-	44,886,578	-	44,886,578	0.00
Payables from Non-exchange Transactions	21,700,635	-	21,700,635	-	21,700,635	26,868,410	-	5,167,775	123.81
Unspent Conditional Grants and Receipts	-	-	-	-	-	3,630,573	-	3,630,573	0.00
Current Portion of Long-term Liabilities	223,718	-	223,718	-	223,718	1,834,073	-	1,610,355	819.82
Non-Current Liabilities									
Long-term Liabilities	2,637,907	-	2,637,907	-	2,637,907	3,300,110	-	662,203	125.10
Retirement Benefit Liabilities	480,718	-	480,718	-	480,718	14,348,000	-	13,867,282	2,984.70
Non-current Provisions	-	-	-	-	-	8,956,931	-	8,956,931	0.00
Total Liabilities	25,042,978	-	25,042,978	-	25,042,978	104,460,916	-	79,417,937	417.13
Total Assets and Liabilities	**160,820,756**	**-**	**160,820,756**	**-**	**160,820,756**	**268,364,348**	**-**	**107,543,592**	**166.87**
Net Assets (Equity)									
Accumulated Surplus / (Deficit)	160,820,756	-	160,820,756	-	160,820,756	268,364,348	-	107,543,592	166.87
Total Net Assets	**160,820,756**	**-**	**160,820,756**	**-**	**160,820,756**	**268,364,348**	**-**	**107,543,592**	**166.87**

30 June 2014

Description	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget
	R	R	R	R	R	R	R	R	R
FINANCIAL PERFORMANCE									
Revenue from Non-exchange Transactions									
Property Rates	6,923,924	1,029,610	7,953,533	(7,953,533)	-	7,637,440	-	7,637,440	0.00
Property Rates - Penalties imposed and collection charges	-	-	-	7,953,533	7,953,533	34,986	-	(7,918,547)	0.44
Fines	104,524	(85,894)	18,630	0	18,630	14,443	-	(4,187)	77.53
Licences and Permits	-	-	-	-	-	-	-	-	0.00
Income for Agency Services	4,902,074	(158,048)	4,744,026	(0)	4,744,026	3,168,619	-	(1,575,407)	66.79
Government Grants and Subsidies Received	56,992,160	(6,019,914)	50,972,246	(1)	50,972,245	16,308,946	-	(34,663,299)	32.00
Public Contributions and Donations	-	-	-	-	-	-	-	-	0.00
Revenue from Exchange Transactions									
Service Charges	46,303,881	(18,781,110)	27,522,771	1	27,522,772	23,234,842	-	(4,287,930)	84.42
Rental of Facilities and Equipment	449,326	(40,185)	409,141	2	409,143	188,297	-	(220,846)	46.02
Interest Earned - External Investments	1,071,151	19,566	1,090,717	(0)	1,090,717	181,930	-	(908,787)	16.68
Interest Earned - Outstanding Debtors	4,224	5,449,740	5,453,964	0	5,453,964	2,619,579	-	(2,834,385)	48.03
Other Income	327,535	200,227	527,762	(1)	527,761	2,609,357	-	2,081,596	494.42
Total Revenue	117,078,799	(18,386,008)	98,692,791	0	98,692,791	55,998,439	-	(42,694,352)	56.74
Expenditure									
Employee Related Costs	38,058,194	(6,381,514)	31,676,680	1	31,676,681	29,411,893	-	(2,264,788)	92.85
Remuneration of Councillors	1,780,717	1,134,041	2,914,758	-	2,914,758	2,853,279	-	(61,479)	97.89
Collection Costs	-	-	-	-	-	-	-	-	0.00
Depreciation and Amortisation	8,094,490	-	8,094,490	(0)	8,094,490	16,715,249	8,620,759	8,620,759	206.50
Impairment Losses	2,506,029	-	2,506,029	(0)	2,506,029	4,267,624	1,761,595	1,761,595	170.29
Repairs and Maintenance	2,848,666	125,669	2,974,335	(0)	2,974,335	664,873	-	(2,309,462)	22.35
Finance Costs	1,958,420	651,413	2,609,833	-	2,609,833	4,871,502	2,261,669	2,261,669	186.66
Bulk Purchases	38,806,856	-	38,806,856	(0)	38,806,856	15,164,893	-	(23,641,963)	39.08
Contracted Services	11,219,293	1,571,145	12,790,437	1	12,790,438	11,337,449	-	(1,452,989)	88.64
Grants and Subsidies Paid	31,019,742	(2,358,967)	28,660,774	(0)	28,660,774	353,884	-	(28,306,890)	1.23
General Expenses	18,136,291	(2,212,577)	15,923,714	1	15,923,715	12,976,509	-	(2,947,206)	81.49
Loss on Disposal of Property, Plant and Equipment	-	-	-	-	-	-	-	-	0.00
Total Expenditure	154,428,698	(7,470,790)	146,957,908	1	146,957,909	98,617,155	12,644,023	(48,340,754)	67.11
Surplus/(Deficit)	(37,349,899)	(10,915,218)	(48,265,117)	(1)	(48,265,118)	(42,618,716)	(12,644,023)	5,646,402	0.00
Transfers Recognised - Capital	-	-	-	-	-	27,216,182	27,216,182	27,216,182	0.00
Surplus/(Deficit for the Year	**(37,349,899)**	**(10,915,218)**	**(48,265,117)**	**(1)**	**(48,265,118)**	**(15,402,534)**	**14,572,159**	**32,862,584**	**-**

Description	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget
	R	R	R	R	R	R	R	R	R
CASH FLOW									
Cash Flows from/(used in) Operating Activities									
Property Rates	62,114,000	-	62,114,000	(15,064,500)	47,049,500	5,657,910	-	(41,391,590)	12.03
Grants	46,346,000	-	46,346,000	5,449,000	51,795,000	40,498,943	-	(11,296,057)	78.19
Public Contributions and Donations	-	-	-	-	-	-	-	-	0.00
Service Charges	-	-	-	-	-	21,999,221	21,999,221	21,999,221	0.00
Interest Received	-	-	-	-	-	181,930	181,930	181,930	0.00
Other Receipts	-	-	-	-	-	6,343,814	6,343,814	6,343,814	0.00
Employee Related Costs	(39,046,281)	-	(39,046,281)	4,537,409	(34,508,872)	(29,841,893)	4,666,979	4,666,979	0.00
Remuneration of Councillors	(1,548,674)	-	(1,548,674)	(811,448)	(2,360,122)	(2,853,279)	-	(493,157)	0.00
Interest Paid	(240,000)	-	(240,000)	-	(240,000)	(4,871,502)	-	(4,631,502)	0.00
Suppliers Paid	-	-	-	-	-	(12,996,204)	-	(12,996,204)	0.00
Other Payments	(113,716,045)	-	(113,716,045)	3,715,082	(110,000,963)	(8,444,194)	101,556,769	101,556,769	0.00
Cash Flows from/(used in) Investing Activities									
Purchase of Property, Plant and Equipment	(19,583,000)	-	(19,583,000)	(109,833)	(19,692,833)	(12,496,973)	7,195,860	7,195,860	0.00
Cash Flows from/(used in) Financing Activities									
Loans repaid	-	-	-	-	-	(2,711,548)	-	(2,711,548)	0.00
Cash and Cash Equivalents at End of the Year	**(65,674,000)**	**-**	**(65,674,000)**	**(2,284,290)**	**(67,958,290)**	**466,225**	**141,944,573**	**68,424,515**	**0.00**

1. BASIS OF PRESENTATION

The Annual Financial Statements have been prepared on an Accrual Basis of accounting and are in accordance with the historical cost convention, except where indicated otherwise.

The Annual Financial Statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practices (GRAP), as approved by the Minister of Finance, including any interpretations, guidelines and directives issued by the Accounting Standards Board and the Municipal Finance Management Act, 2003 (Act No. 56 of 2003).

1.1 Standards of General Recognised Accounting Practice (GRAP) and Interpretations (IGRAP) issued and effective:

GRAP 1 - Presentation of Financial Statements (as revised in 2010)
GRAP 2 - Cash Flow Statements (as revised in 2010)
GRAP 3 - Accounting Policies, Changes in Accounting Estimates and Errors (as revised in 2010)
GRAP 4 - The Effects of Changes in Foreign Exchange Rates (as revised in 2010)
GRAP 5 - Borrowing Costs (as revised in 2013)
GRAP 6 - Consolidated and Separate Financial Statements
GRAP 7 - Investments in Associates
GRAP 8 - Interests in Joint Ventures
GRAP 9 - Revenue from Exchange Transactions (as revised in 2010)
GRAP 10 - Financial Reporting in Hyperinflationary Economies (as revised in 2010)
GRAP 11 - Construction Contracts (as revised in 2010)
GRAP 12 - Inventories (as revised in 2010)
GRAP 13 - Leases (as revised in 2010)
GRAP 14 - Events After the Reporting Date (as revised in 2010)
GRAP 16 - Investment Property (as revised in 2010)
GRAP 17 - Property, Plant and Equipment (as revised in 2010)
GRAP 19 - Provisions, Contingent Liabilities and Contingent Assets (as revised in 2010)
GRAP 21 - Impairment of Non-cash-generating Assets
GRAP 23 - Revenue from Non-exchange Transactions (Taxes and Transfers)
GRAP 24 - Presentation of Budget Information in Financial Statements
GRAP 25 - Employee Benefits
GRAP 26 - Impairment of Cash-generating Assets
GRAP 27 - Agriculture
GRAP 31 - Intangible Assets
GRAP 100 - Discontinued Operations (as revised in 2013)
GRAP 103 - Heritage Assets
GRAP 104 - Financial Instruments
IGRAP 1 - Applying the Probability Test on Initial Recognition of Revenue (As revised in 2012)
IGRAP 2 - Changes in Existing Decommissioning, Restoration and Similar Liabilities
IGRAP 3 - Determining whether an Arrangement Contains a Lease
IGRAP 4 - Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IGRAP 5 - Applying the Restatement Approach under the Standard of GRAP on Financial Reporting in Hyperinflationary Economies
IGRAP 6 - Loyalty Programmes
IGRAP 7 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
IGRAP 8 - Agreements for the Construction of Assets from Exchange Transactions
IGRAP 9 - Distributions of Non-cash Assets to Owners
IGRAP 10 - Assets Received from Customers
IGRAP 13 - Operating Leases – Incentives
IGRAP 14 - Evaluating the Substance of Transactions Involving the Legal Form of a Lease
IGRAP 15 - Revenue – Barter Transactions Involving Advertising Services
IGRAP 16 - Intangible Assets – Website Costs

1.2 Changes in Accounting Policy and Comparability

Accounting Policies have been consistently applied, except where otherwise indicated below.

For the years ended 30 June 2014 and 30 June 2015 the municipality has adopted the accounting framework as set out in paragraph 1 above. The details of any resulting changes in Accounting Policy and comparative restatements are set out below and in the relevant Notes to the Annual Financial Statements.

The municipality changes an Accounting Policy only if the change:

(a) Is required by a Standard of GRAP; or
(b) Results in the Annual Financial Statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the municipality's financial position, financial performance or cash flow.

1.3 Critical Judgements, Estimations and Assumptions

In the application of the municipality's Accounting Policies, which are described below, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements and estimations that management have made in the process of applying the municipality's Accounting Policies and that have the most significant effect on the amounts recognised in Annual Financial

1.3.1 Revenue Recognition

Accounting Policy 10.2 on Revenue from Exchange Transactions and Accounting Policy 10.3 on Revenue from Non-exchange Transactions describes the conditions under which revenue will be recorded by the management of the municipality.

In making their judgement, the management considered the detailed criteria for the recognition of revenue as set out in GRAP 9 (*Revenue from Exchange Transactions*) and GRAP 23 (*Revenue from Non-exchange Transactions*). As far as Revenue from Non-exchange Transactions is concerned (see Basis of Preparation above), and, in particular, whether the municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services is rendered, whether the service has been rendered. Also of importance is the estimation process involved in initially measuring revenue at the fair value thereof. Management of the municipality is satisfied that recognition of the revenue in the current year is appropriate.

1.3.2 Financial Assets and Liabilities

The classification of Financial Assets and Liabilities, into categories, is based on judgement by management. Accounting Policy 8.1 on Financial Assets Classification and Accounting Policy 8.2 on Financial Liabilities Classification describe the factors and criteria considered by the management of the municipality in the classification of Financial Assets and Liabilities.

In making the above-mentioned judgement, management considered the definition and recognition criteria for the classification of Financial Instruments as set out in GRAP 104 (*Financial Instruments*).

1.3.3 Impairment of Financial Assets

Accounting Policy 8.4 on Impairment of Financial Assets describes the process followed to determine the value at which Financial Assets should be impaired. In making the estimation of the impairment, the management of the municipality considered the detailed criteria of impairment of Financial Assets as set out in GRAP 104 (Financial Instruments) and used its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of the reporting period. The management of the municipality is satisfied that impairment of Financial Assets recorded during the year is appropriate.

- Impairment of Trade Receivables:
  The calculation in respect of the impairment of Debtors is based on an assessment of the extent to which Debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This is performed per service-identifiable categories across all classes of debtors.

  The total increase in estimation of the impairment of Receivables from Exchange Transactions and Receivables from Non-exchange Transactions are disclosed in Notes 2 and 3 to the Annual Financial Statements.

1.3.4 Useful lives of Property, Plant and Equipment, Intangible Assets and Investment Property

As described in Accounting Policies 2.3, 3.2 and 4.2, the municipality depreciates its Property, Plant & Equipment and Investment Property, and amortises its Intangible Assets, over the estimated useful lives of the assets, taking into account the residual values of the assets at the end of their useful lives, which is determined when the assets are available for use.

The useful lives of assets are based on management's estimation. Management considered the impact of technology, availability of capital funding, service requirements and required return on assets in order to determine the optimum useful life expectation, where appropriate.

The estimation of residual values of assets is based on management's judgement as to whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

1.3.5 Impairment: Write-down of Property, Plant & Equipment, Intangible Assets, Investment Property, Heritage Assets and Inventories

Accounting Policy 7 on Impairment of Assets, Accounting Policy 3.2 on Intangible Assets – Subsequent Measurement, Amortisation and Impairment and Accounting Policy 9.2 on Inventory – Subsequent Measurement describe the conditions under which non-financial assets are tested for potential impairment losses by the management of the municipality. Significant estimates and judgements are made relating to impairment testing of Property, Plant and Equipment, impairment testing of Intangible Assets and write-down of Inventories to the lowest of Cost and Net Realisable Value.

In making the above-mentioned estimates and judgement, management considered the subsequent measurement criteria and indicators of potential impairment losses as set out in GRAP 21 (Impairment of Non-cash Generating Assets) and GRAP 26 (Impairment of Cash Generating Assets). In particular, the calculation of the recoverable service amount for PPE and Intangible Assets and the Net Realisable Value for Inventories involves significant judgment by management.

Estimated impairments during the year to Property, Plant and Equipment, Intangible Assets, Investment Property, Heritage Assets and Inventory are disclosed in Notes 1, 6, 7, 8 and 9 to the Annual Financial Statements, if applicable.

1.3.6 Defined Benefit Plan Liabilities

As described in Accounting Policy 12.2, Employee Benefits – Post-employment Benefits, the municipality obtains actuarial valuations of its Defined Benefit Plan Liabilities. The defined benefit obligations of the municipality that were identified are Post-retirement Health Benefit Obligations and Long-service Awards. The estimated liabilities are recorded in accordance with the requirements of GRAP 25. Details of the liabilities and the key assumptions made by the actuaries in estimating the liabilities are provided in the relevant Notes to the Annual Financial Statements.

1.3.7 Provisions and Contingent Liabilities

Management judgement is required when recognising and measuring Provisions and when measuring Contingent Liabilities. Provisions are discounted where the effect of discounting is material using actuarial valuations.

1.3.8 Budget Information

Deviations between budget and actual amounts are regarded as material differences when a 10% deviation exists. All material differences are explained in the relevant Notes to the Annual Financial Statements.

1.4 Presentation Currency

The Annual Financial Statements are presented in South African Rand, rounded off to the nearest Rand which is the municipality's functional currency.

1.5 Going Concern Assumption

The Annual Financial Statements have been prepared on a *Going Concern Basis* .

1.6 Offsetting

Assets, Liabilities, Revenues and Expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

1.7 Standards, Amendments to Standards and Interpretations issued but not yet Effective

The following GRAP Standards have been issued but are not yet effective and have not been early adopted by the municipality:

- GRAP 18 — Segment Reporting - issued March 2005
- GRAP 20 — Related Party Disclosures (Revised)
- GRAP 32 — Service Concession Arrangement Grantor
- GRAP 105 — Transfers between Entities under common control - issued November 2010
- GRAP 106 — Transfers between Entities not under common control - issued November 2010
- GRAP 107 — Mergers - issued November 2010
- GRAP 108 — Statutory Receivables
- IGRAP 17 — Service Concession Arrangements where a Grantor controls a significant Residual Interest in an Asset

The Minister of Finance announced that the application of GRAP 25 will be effective for the period starting after 1 April 2013. All other standards as listed above will only be effective when a date is announced by the Minister of Finance.

The ASB Directive 5, paragraph 29, sets out the principles for the application of the GRAP 3 guidelines in the determination of the GRAP Reporting Framework hierarchy as set out in the standard of GRAP 3 on *Accounting Policies, Changes in Accounting Estimates and Errors* .

Where a standard of GRAP is approved as effective, it replaces the equivalent statement of International Public Sector Accounting Standards Board, International Financial Reporting Standards or Generally Accepted Accounting Principles. Where a standard of GRAP has been issued but is not yet in effect, the municipality may select to apply the principles established in that standard in developing an appropriate Accounting Policy dealing with a particular section or event before applying paragraph 12 of the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

The municipality applied the principles established in the following Standards of GRAP that have been issued but are not yet effective, in developing appropriate Accounting Policies dealing with the following transactions, but have not early adopted these Standards:

- GRAP 20 — Related Party Disclosures (Revised)

Management has considered all of the above-mentioned GRAP Standards issued but not yet effective and anticipates that the adoption of these standards will not have a significant impact on the financial position, financial performance or cash flows of the municipality.

2. PROPERTY, PLANT AND EQUIPMENT

2.1 Initial Recognition

Property, Plant and Equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year.

The cost of an item of Property, Plant and Equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the municipality, and if the cost or fair value of the item can be measured reliably.

Property, Plant and Equipment are initially recognised at cost on its acquisition date or in the case of assets acquired by grants or donations, deemed cost, being the fair value of the asset on initial recognition. The cost of an item of Property, Plant and Equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of Property, Plant and Equipment have different useful lives, they are accounted for as separate items (major components) of Property, Plant and Equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

The cost of an item of Property, Plant and Equipment acquired in exchange for non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. If the acquired item could not be measured at its fair value, its cost is measured at the carrying amount of the asset given up.

Major spare parts and servicing equipment qualify as Property, Plant and Equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of Property, Plant and Equipment, they are accounted for as Property, Plant and Equipment.

2.2 Subsequent Measurement

Subsequent expenditure relating to Property, Plant and Equipment is capitalised if it is probable that future economic benefits or potential service delivery associated with the subsequent expenditure will flow to the municipality and the cost or fair value of the subsequent expenditure can be reliably measured. Subsequent expenditure incurred on an asset is only capitalised when it increases the capacity or future economic benefits associated with the asset. Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

Subsequently all Property Plant and Equipment are measured at cost, less accumulated depreciation and accumulated impairment losses.

Compensation from third parties for items of Property, Plant and Equipment that were impaired, lost or given up is included in the Statement of Financial Performance when the compensation becomes receivable.

2.3 Depreciation

Depreciation on assets other than land is calculated on cost, using the *Straight-line Method*, to allocate their cost or revalued amounts to their residual values over the estimated useful lives of the assets. The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality. Each part of an item of Property, Plant and Equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

Depreciation only commences when the asset is available for use, unless stated otherwise. The depreciation rates are based on the following estimated useful lives:

	Asset Class	Years		Asset Class	Years
	Buildings			**Community**	
	Improvements	5 - 60		Community Facilities	5 - 60
				Recreational Facilities	10 - 60
	Infrastructure				
	Electricity	10 - 50		**Other**	
	Railways	30		Computer Equipment	5 - 10
	Roads and Paving	5 - 80		Emergency Equipment	5 - 10
	Sewerage / Solid Waste	5 - 80		Furniture and Fittings	5 - 15
				Motor Vehicles	7 - 10
				Office Equipment	5 - 15
				Plant and Equipment	2 - 15
				Specialist Vehicles	10 - 15
				Other Assets	5 - 15

The assets' residual values, estimated useful lives and depreciation method are reviewed annually and adjusted prospectively, if appropriate, at each reporting date. Reviewing the useful life of an asset on an annual basis does not require the municipality to amend the previous estimate unless expectations differ from the previous estimate.

2.4 Land

Land is stated at historical cost and is not depreciated as it is deemed to have an indefinite useful life.

2.5 Infrastructure Assets

Infrastructure Assets are any assets that are part of a network of similar assets. Infrastructure Assets are shown at cost less accumulated depreciation and accumulated impairment. Infrastructure Assets are treated similarly to all other assets of the municipality in terms of the Asset Management Policy.

2.6 Incomplete Construction Work

Incomplete Construction Work is stated at historical cost. Depreciation only commences when the asset is available for use.

2.7 Derecognition

The carrying amount of an item of Property, Plant and Equipment is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of an item of Property, Plant and Equipment is included in surplus or deficit when the item is derecognised. Gains are not classified as revenue.

Gains or losses are calculated as the difference between the carrying value of assets (cost less accumulated depreciation and accumulated impairment losses) and the proceeds from disposals are included in the Statement of Financial Performance as a gain or loss on disposal of Property, Plant and Equipment.

3. INTANGIBLE ASSETS

The municipality changed its Accounting Policy from GRAP 102 to GRAP 31 with no effect on the financial information previously disclosed.

3.1 Initial Recognition

Identifiable non-monetary assets without physical substance are classified and recognised as Intangible Assets. The municipality recognises an Intangible Asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Internally generated Intangible Assets are subject to strict recognition criteria before they are capitalised. Research expenditure is recognised as an expense as it is incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as Intangible Assets when the following criteria are fulfilled:

(a) It is technically feasible to complete the Intangible Asset so that it will be available for use;
(b) Management intends to complete the Intangible Asset and use or sell it;
(c) There is an ability to use or sell the Intangible Asset;
(d) It can be demonstrated how the Intangible Asset will generate probable future economic benefits;
(e) Adequate technical, financial and other resources to complete the development and to use or sell the Intangible Asset are available; and
(f) The expenditure attributable to the Intangible Asset during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as Intangible Assets and amortised from the point at which the asset is available for use. Development assets are tested for impairment annually, in accordance with GRAP 21 or GRAP 26.

Intangible Assets are initially recognised at cost. The cost of an Intangible Asset is the purchase price and other costs attributable to bring the Intangible Asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality, or where an Intangible Asset is acquired at no cost, or for a nominal cost, the cost shall be its fair value as at the date of acquisition. Trade discounts and rebates are deducted in arriving at the cost.

The cost of an Intangible Asset acquired in exchange for non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets, is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. If the acquired item could not be measured at its fair value, its cost is measured at the carrying amount of the asset given up. If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

3.2 Subsequent Measurement, Amortisation and Impairment

After initial recognition, Intangible Assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Expenditure on an intangible item that was initially recognised as an expense shall not be recognised as part of the cost of an Intangible Asset at a later date.

In terms of GRAP 31, Intangible Assets are distinguished between internally generated Intangible Assets and other Intangible Assets. It is further distinguished between indefinite or finite useful lives. Amortisation is charged on a *Straight-line Basis* over the Intangible Assets' useful lives. The residual value of Intangible Assets with finite useful lives is zero, unless an active market exists. Where Intangible Assets are deemed to have indefinite useful lives, such Intangible Assets are not amortised. However, such Intangible Assets are subject to an annual impairment test.

Amortisation only commences when the asset is available for use, unless stated otherwise. The amortisation rates are based on the following estimated useful lives:

	Asset Class	**Years**		**Asset Class**	Years
	Computer Software	5			

Intangible Assets are annually tested for impairment as described in Accounting Policy 7 on Impairment of Assets, including Intangible Assets not yet available for use. Where items of Intangible Assets have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. The impairment loss is the difference between the carrying amount and the recoverable service amount.

The estimated useful life, residual values and amortisation method are reviewed annually at the end of the financial year. Any adjustments arising from the annual review are applied prospectively as a Change in Accounting Estimate in the Statement of Financial Performance.

3.3 Derecognition

Intangible Assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an Intangible Asset is determined as the difference between the proceeds of disposal and the carrying value and is recognised in the Statement of Financial Performance.

4. INVESTMENT PROPERTY

4.1 Initial Recognition

Investment Property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipality measures Investment Property at cost including transaction costs once it meets the definition of Investment Property. However, where an Investment Property was acquired through a non-exchange transaction (i.e. where it acquired the Investment Property for no or a nominal value), its cost is its fair value as at the date of acquisition.

The cost of self-constructed Investment Property is the cost at date of completion.

Based on management's judgement, the following criteria have been applied to distinguish Investment Properties from owner occupied property or property held for resale:

(a) Land held for long-term capital appreciation rather than for short-term sale in the ordinary course of operations;
(b) Land held for a currently undetermined future use (If the municipality has not determined that it will use the land as owner-occupied property or for short-term sale in the ordinary course of operations, the land is regarded as held for capital appreciation);
(c) A building owned by the municipality (or held by the municipality under a finance lease) and leased out under one or more operating leases on a commercial basis (this will include the property portfolio rented out on a commercial basis on behalf of the municipality);
(d) A property owned by the municipality and leased out at a below market rental; and
(e) Property that is being constructed or developed for future use as investment property.

The rent earned does not have to be at a commercial basis or market related for the property to be classified as investment

The following assets do not fall in the ambit of Investment Property and shall be classified as Property, Plant and Equipment, Inventory or Non-current Assets Held-for-Sale, as appropriate:

(a) Property held for sale in the ordinary course of operations or in the process of construction or development for such sale;
(b) Property being constructed or developed on behalf of third parties;
(c) Owner-occupied property, including (among other things) property held for future use as owner-occupied property, property held for future development and subsequent use as owner-occupied property, property occupied by employees such as housing for personnel (whether or not the employees pay rent at market rates) and owner-occupied property awaiting disposal;
(d) Property that is leased to another entity under a finance lease;
(e) Property held to provide goods and services and also generates cash inflows; and
(f) Property held for strategic purposes which would be accounted for in accordance with the Standard of GRAP on Property, Plant and Equipment.

4.2 Subsequent Measurement

Investment Property is measured using the *Cost Model* and is stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated on cost, using the *Straight-line Method* over the useful life of the property, which is estimated at 5 - 30 years. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately.

The gain or loss arising on the disposal of an Investment Property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

4.3 Derecognition

An Investment Property shall be derecognised (eliminated from the Statement of Financial Position) on disposal or when the Investment Property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

5. HERITAGE ASSETS

A Heritage Asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance, and is held and preserved indefinitely for the benefit of present and future generations.

Heritage Assets are not depreciated owing to uncertainty regarding to their estimated useful lives. The municipality assess at each reporting date if there is an indication of impairment.

5.1 Initial Recognition

The cost of an item of Heritage Assets is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the municipality, and if the cost or fair value of the item can be measured reliably.

Heritage Assets are initially recognised at cost on its acquisition date or in the case of assets acquired by grant or donation, deemed cost, being the fair value of the asset on initial recognition. The cost of an item of Heritage Assets is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

The cost of an item of Heritage Assets acquired in exchange for a non-monetary asset or monetary asset, or a combination of monetary and non-monetary assets, is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. If the acquired item could not be measured at its fair value, its cost is measured at the carrying amount of the asset given up.

5.2 Subsequent Measurement

Subsequent expenditure relating to Heritage Assets is capitalised if it is probable that future economic benefits or potential service delivery associated with the subsequent expenditure will flow to the municipality and the cost or fair value of the subsequent expenditure can be reliably measured. Subsequent expenditure incurred on an asset is only capitalised when it increases the capacity or future economic benefits associated with the asset. Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

Subsequently all Heritage Assets are measured at cost, less accumulated impairment losses.

5.3 Derecognition

The carrying amount of an item of Heritage Assets is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal. The gain or loss arising from the derecognition of an item of Heritage Assets is included in surplus or deficit when the item is derecognised. Gains are not classified as revenue. Gains or losses are calculated as the difference between the carrying value of assets (cost less accumulated impairment losses) and the disposal proceeds is included in the Statement of Financial Performance as a gain or loss on disposal of Heritage Assets.

5.4 Transitional Provisions

The municipality utilised the transitional provisions under Directive 4, which allows 3 years for the measurement of Heritage Assets.

6. BIOLOGICAL ASSETS

The municipality changed its Accounting Policy from GRAP 101 to GRAP 27 with no effect on the financial information previously disclosed.

A Biological Asset is defined as a living animal or plant. Agricultural Produce is the harvested product of the municipality's Biological Assets.

6.1 Initial Recognition

The cost of an item of Biological Assets is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the municipality, and if the cost or fair value of the item can be measured reliably.

Biological Assets are initially recognised at fair value less cost to sell on its acquisition date. The fair value of an item of Biological Assets is the transaction price or the market price.

Agricultural Produce is initially recognised at fair value less costs to sell at the date of the harvest. The municipality applies the measurement methods as described in Accounting Policy 11 on *Inventories* .

6.2 Subsequent Measurement

Subsequently all Biological Assets are measured at fair value less cost to sell on the reporting date. The fair value of an item of Biological Assets is the transaction price or the market price.

A gain or loss arising from the initial recognition of an item of Biological Assets at fair value less cost to sell and from a change in fair value at the reporting date shall be recognised in the Statement of Financial Performance.

A gain or loss arising from the initial recognition of an item of Agricultural Harvest at fair value less estimate point of sale cost at the date of the harvest shall be recognised in the Statement of Financial Performance.

7. IMPAIRMENT OF ASSETS

The municipality classifies all assets held with the primary objective of generating a commercial return as *Cash Generating Assets* . All other assets are classified as *Non-cash Generating Assets* .

7.1 Impairment of Cash Generating Assets

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash generating unit is the higher of its fair value less costs to sell and its value in use. The best evidence of fair value less cost to sell is the price in a binding sale agreement in an arm's length transaction, adjusted for the incremental cost that would be directly attributable to the disposal of the asset.

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in the Statement of Financial Performance.

An impairment loss is recognised for cash generating units if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit pro rata on the basis of the carrying amount of each asset in the unit.

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in the Statement of Financial Performance.

7.2 Impairment of Non-cash Generating Assets

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the non-cash generating unit to which the asset belongs is determined.

The recoverable service amount of a non-cash generating asset is the higher of its fair value less costs to sell and its value in use. The value in use for a non-cash generating asset is the present value of the asset's remaining service potential.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in the Statement of Financial Performance.

An impairment loss is recognised for non-cash generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit pro rata on the basis of the carrying amount of each asset in the unit.

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in the Statement of Financial Performance.

8. FINANCIAL INSTRUMENTS

The municipality has various types of Financial Instruments and these can be broadly categorised as *Financial Assets* , *Financial Liabilities* or *Residual Interests* in accordance with the substance of the contractual agreement. The municipality only recognises a Financial Instrument when it becomes a party to the contractual provisions of the instrument.

Initial Recognition

Financial Assets and Financial Liabilities are recognised on the municipality's Statement of Financial Position when it becomes party to the contractual provisions of the instrument.

The municipality does not offset a Financial Asset and a Financial Liability unless a legally enforceable right to set off the recognised amounts currently exist and the municipality intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Fair Value Methods and Assumptions

The fair values of Financial Instruments are determined as follows:

- The fair values of quoted investments are based on current bid prices.
- If the market for a Financial Asset is not active (and for unlisted securities), the municipality establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

The Effective Interest Rate Method
The Effective Interest Method is a method of calculating the amortised cost of a Financial Asset or a Financial Liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the Financial Instrument or, when appropriate, a shorter period to the net carrying amount of the Financial Asset or Financial Liability.

Amortised Cost
Amortised Cost is the amount at which the Financial Asset or Financial Liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation, using the Effective Interest Rate Method of any difference between that initial amount and the maturity amount, and minus any reduction for impairment or uncollectability.

8.1 Financial Assets – Classification

A Financial Asset is any asset that is a cash, a contractual right to receive cash or another financial asset from another entity.

In accordance with GRAP 104 the Financial Assets of the municipality are classified as follows into the three categories allowed by this standard:

- **Financial Assets measured at Amortised Cost** are non-derivative Financial Assets with fixed or determinable payments that are not quoted in an active market. They are included in Current Assets, except for maturities greater than 12 months, which are classified as Non-current Assets. Financial Assets at Amortised Cost are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition or issue of the Financial Asset. After initial recognition, Financial Assets are measured at amortised cost, using the *Effective Interest Rate Method* less a provision for impairment.

- **Financial Assets measured at Fair Value** are financial assets that meet either of the following conditions:
  (i) Derivatives;
  (ii) Combined instruments that are designated at fair value;
  (iii) Instruments held for trading;
  (iv) Non-derivative Financial Instruments with fixed or determinable payments that are designated at fair value at initial recognition; or
  (v) Financial Instruments that do not meet the definition of Financial Instruments at Amortised Cost or Financial Instruments at Cost.

- **Financial Assets measured at Cost** are investments in residual Interest that do not have a quoted market price in an active market and whose fair value cannot be reliably measured.

The municipality has the following types of Financial Assets as reflected on the face of the Statement of Financial Position or in the Notes thereto:

Type of Financial Asset	Classification in terms of GRAP 104
Long-term Receivables	Financial Assets at Amortised Cost
Receivables from Exchange Transactions	Financial Assets at Amortised Cost
Receivables from Non-exchange Transactions	Financial Assets at Amortised Cost
Bank, Cash and Cash Equivalents – Notice Deposits	Financial Assets at Amortised Cost
Bank, Cash and Cash Equivalents – Call Deposits	Financial Assets at Amortised Cost
Bank, Cash and Cash Equivalents – Bank	Financial Assets at Amortised Cost
Bank, Cash and Cash Equivalents – Cash	Financial Assets at Fair Value
Current Portion of Long-term Receivables	Financial Assets at Amortised Cost

Cash includes cash-on-hand (including petty cash) and cash with banks (including call deposits). Cash Equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, which are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the Cash Flow Statement, Cash and Cash Equivalents comprise cash-on-hand and deposits held on call with banks, net of bank overdrafts. The municipality categorises Cash and Cash Equivalents as Financial Assets at Amortised Cost.

8.2 Financial Liabilities – Classification

A Financial Liability is a contractual obligation to deliver cash or another Financial Assets to another entity.

There are three main categories of Financial Liabilities, the classification determining how they are measured. Financial Liabilities may be measured at:

(i) Financial Liabilities measured at Fair Value;
(ii) Financial Liabilities measured at Amortised Cost; or
(iii) Financial Liabilities measured at Cost.

The municipality has the following types of Financial Liabilities as reflected on the face of the Statement of Financial Position or in the Notes thereto:

Type of Financial Asset	Classification in terms of GRAP 104
Long-term Liabilities	Financial Liabilities at Amortised Cost
Payables from Exchange Transactions	Financial Liabilities at Amortised Cost
Payables from Non-exchange Transactions	Financial Liabilities at Amortised Cost
Current Portion of Long-term Liabilities	Financial Liabilities at Amortised Cost

Financial Liabilities that are measured at Fair Value are Financial Liabilities that are essentially held for trading (i.e. purchased with the intention to sell or repurchase in the short term; derivatives other than hedging instruments or are part of a portfolio of Financial Instruments where there is recent actual evidence of short-term profiteering or are derivatives).

8.3 Initial and Subsequent Measurement

8.3.1 Financial Assets:

Financial Assets measured at Amortised Cost
Financial Assets at Amortised Cost are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the Financial Asset. Subsequently, these assets are measured at amortised cost using the *Effective Interest Method* less any impairment, with interest recognised on an *Effective Yield Basis* .

Trade and Other Receivables (excluding Value Added Taxation, Prepayments and Operating Lease receivables), Loans to Municipal Entities and Loans that have fixed and determinable payments that are not quoted in an active market are classified as *Financial Assets at Amortised Cost* .

Financial Assets measured at Fair Value
Financial Assets at Fair Value are initially measured at fair value, excluding directly attributable transaction costs. They are subsequently measured at fair value with unrealised gains or losses recognised directly in the Statement of Financial

8.3.2 Financial Liabilities:

Financial Liabilities measured at Fair Value
Financial Liabilities at Fair Value are stated at fair value, with any resulted gain or loss recognised in the Statement of Financial Performance.

Financial Liabilities held at Amortised Cost
Any other Financial Liabilities are classified as *Other Financial Liabilities* (All Payables, Loans and Borrowings are classified as Other Liabilities) and are initially measured at fair value, net of transaction costs. Trade and Other Payables, Interest-bearing Debt including Finance Lease Liabilities, Non-interest-bearing Debt and Bank Borrowings are subsequently measured at amortised cost using the *Effective Interest Rate Method* . Interest expense is recognised in the Statement of Financial Performance by applying the effective interest rate.

Prepayments are carried at cost less any accumulated impairment losses.

8.4 Impairment of Financial Assets

Financial Assets, other than those at fair value, are assessed for indicators of impairment at the end of each reporting period. Financial Assets are impaired where there is objective evidence of impairment of Financial Assets (such as the probability of insolvency or significant financial difficulties of the debtor). If there is such evidence the recoverable amount is estimated and an impairment loss is recognised in accordance with GRAP 104.

8.4.1 Financial Assets at Amortised Cost

Accounts Receivable encompass Long-term Debtors, Receivables from Exchange Transactions (Consumer Debtors) and Receivables from Non-exchange Transactions (Other Debtors).

Initially Accounts Receivable are valued at fair value excluding transaction costs, and subsequently carried at amortised cost using the *Effective Interest Rate Method* . An estimate is made for doubtful debt based on past default experience of all outstanding amounts at year-end. Bad debts are written off the year in which they are identified as irrecoverable. Amounts receivable within 12 months from the date of reporting are classified as current.

A provision for impairment of Accounts Receivables is established when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of receivables. The provision is made in accordance with GRAP 104 whereby the recoverability of accounts receivable is assessed individually and then collectively after grouping the assets in financial assets with similar credit risk characteristics. The amount of the provision is the difference between the Financial Asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Future cash flows in a group of Financial Assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Cash flows relating to short-term receivables are not discounted where the effect of discounting is immaterial.

Government accounts are not provided for as such accounts are regarded as receivable.

The carrying amount of the Financial Asset is reduced by the impairment loss directly for all Financial Assets carried at Amortised Cost with the exception of Consumer Debtors, where the carrying amount is reduced through the use of an allowance account. When a Consumer Debtor is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against revenue. Changes in the carrying amount of the allowance account are recognised in the Statement of Financial Performance.

8.4.2 Financial Assets at Cost

If there is objective evidence that an impairment loss has been incurred on an investment in a Residual Interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the Financial Asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses shall not be reversed.

8.5 Derecognition of Financial Assets

The municipality derecognises Financial Assets only when the contractual rights to the cash flows from the asset expires or it transfers the Financial Asset and substantially all the risks and rewards of ownership of the asset to another entity, except when Council approves the write-off of Financial Assets due to non-recoverability.

If the municipality neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the municipality recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the municipality retains substantially all the risks and rewards of ownership of a transferred Financial Asset, the municipality continues to recognise the Financial Asset and also recognises a collateralised borrowing for the proceeds received.

8.6 Derecognition of Financial Liabilities

The municipality derecognises Financial Liabilities when, and only when, the municipality's obligations are discharged, cancelled or they expire.

The municipality recognises the difference between the carrying amount of the Financial Liability (or part of a Financial Liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, in the Statement of Financial Performance.

9. INVENTORIES

9.1 Initial Recognition

Inventories comprise current assets held-for-sale, current assets for consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the Inventories to their current location and condition. Where Inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where Inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

Direct costs relating to properties that will be sold as Inventory are accumulated for each separately identifiable development. Costs also include a proportion of overhead costs.

9.2 Subsequent Measurement

9.2.1 Consumable Stores, Raw Materials, Work-in-Progress and Finished Goods

Consumable stores, raw materials, work-in-progress, inventories distributed at no charge or for a nominal charge and finished goods are valued at the lower of cost and net realisable value (net amount that the municipality expects to realise from the sale on Inventory in the ordinary course of business). The cost is determined using the *FIFO* cost of commodities.

9.2.2 Unsold Properties

Unsold properties are valued at the lower of cost and net realisable value on a *Weighted Average Cost Basis* . Direct costs are accumulated for each separately identifiable development. Cost also includes a portion of overhead costs, if this relates to development.

9.2.3 Other Arrangements

Redundant and slow-moving Inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values and sold by public auction. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Differences arising on the measurement of such Inventory at the lower of cost and net realisable value are recognised in the Statement of Financial Performance in the year in which they arise. The amount of any reversal of any write-down of Inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of Inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of Inventories is recognised as an expense in the period that the Inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

10. REVENUE RECOGNITION

10.1 General

Revenue is derived from a variety of sources which include rates levied, grants from other tiers of government and revenue from trading activities and other services provided.

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the municipality’s activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

The municipality recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits or service potential will flow to the municipality and when specific criteria have been met for each of the municipality’s activities as described below, except when specifically stated otherwise. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The municipality bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. Furthermore, services rendered are recognised by reference to the stage of completion of the transaction at the reporting date.

Revenue from Exchange Transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

Revenue from Non-exchange Transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, stock rotation, price protection, rebates and other similar allowances.

10.2 Revenue from Exchange Transactions

10.2.1 Service Charges

Service Charges are levied in terms of approved tariffs.

Service Charges relating to electricity are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption, based on the consumption history, are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced, except at year-end when estimates of consumption up to year-end are recorded as revenue without it being invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on the average monthly consumption of consumers.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to all properties that have improvements. Tariffs are determined per category of property usage, and are levied based on the extent of each property.

Service charges relating to sewerage and sanitation are recognised on a monthly basis in arrears by applying the approved tariff to all properties. Tariffs are determined per category of property usage, and are levied based on the extent of each property.

In circumstances where services cannot readily be measured and quantified, a flat rate service charge is levied monthly on such properties.

10.2.2 Prepaid Electricity

Revenue from the sale of electricity prepaid meter cards are recognised at the point of sale. Revenue from the sale of electricity prepaid meter cards are recognised based on an estimate of the prepaid electricity consumed as at the reporting date.

Pre-Paid Electricity Revenue is included in "Sale of Electricity" withing the "Service Charges" note, Note 25

10.2.3 Rentals Received

Revenue from the rental of facilities and equipment is recognised on a Straight-line Basis over the term of the lease agreement.

10.2.4 Finance Income

Interest earned on investments is recognised in the Statement of Financial Performance on the *Time-proportionate Basis* that takes into account the effective yield on the investment.

10.2.5 Tariff Charges

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant authorised tariff. This includes the issuing of licences and permits.

10.2.6 Sale of Goods (including Houses)

Revenue from the sale of goods is recognised when all the following conditions have been met:

(a) The municipality has transferred to the buyer the significant risks and rewards of ownership of the goods;
(b) The municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
(c) The amount of revenue can be measured reliably;
(d) It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
(e) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

10.3 Revenue from Non-exchange Transactions

An inflow of resources from a Non-exchange Transaction, that meets the definition of an asset shall be recognised as an asset when it is probable that the future economic benefits or service potential associated with the asset will flow to the municipality and the fair value of the asset can be measured reliably. The asset shall be recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

A present obligation arising from a Non-exchange Transaction that meets the definition of a liability will be recognised as a liability when it is probable that an outflow of economic benefit will be required to settle the obligation and a reliable estimate of the amount can be made.

10.3.1 Rates and Taxes

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a *Time-proportionate Basis* with reference to the principal amount receivable and effective interest rate applicable. A composite rating system charging different rate tariffs is employed. Rebates are granted to certain categories of ratepayers and are deducted from revenue.

10.3.2 Fines

Fines constitute both spot fines and summonses. Revenue from the issuing of fines is recognised when it is probable that the economic benefits or service potential will flow to the municipality and the amount of the revenue can be measured reliably.

Revenue for fines is recognised when the fine is issued at the full amount of the receivable, considering the allowance in terms of IGRAP 1 to use estimates to determine the amount of revenue that the municipality is entitled to collect.

Assessing and recognising impairment is an event that takes place subsequent to the initial recognition of revenue charged. The municipality assesses the probability of collecting revenue when accounts fall into arrears. Such an assessment is not be made at the time of initial recognition.

10.3.3 Public Contributions

Donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. Where the agreement contains a stipulation to return the asset, other future economic benefits or service potential, in the event of non-compliance to these stipulations and would be enforced by the transferor, a liability is recognised to the extent that the criteria, conditions or obligations have not been met. Where such requirements are not enforceable, or where past experience has indicated that the transferor has never enforced the requirement to return the transferred asset, other future economic benefits or service potential when breaches have occurred, the stipulation will be considered a restriction and is recognised as revenue.

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment are brought into use.

Assets acquired from non-exchange transactions are measured at fair value in accordance with the Standards of GRAP.

10.3.4 Government Grants and Receipts

Conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. Where the agreement contains a stipulation to return the asset, other future economic benefits or service potential, in the event of non-compliance to these stipulations and would be enforced by the transferor, a liability is recognised to the extent that the criteria, conditions or obligations have not been met. Where such requirements are not enforceable, or where past experience has indicated that the transferor has never enforced the requirement to return the transferred asset, other future economic benefits or service potential when breaches have occurred, the stipulation will be considered a restriction and is recognised as revenue.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the municipality with no future related costs, are recognised in the Statement of Financial Performance in the period in which they become receivable.

Interest earned on investments is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor and if it is the municipality's interest, it is recognised as interest earned in the Statement of Financial Performance.

Revenue is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment are brought into use.

10.3.5 Revenue from Agency Services

Revenue for agency services is recognised on a monthly basis once the revenue collected on behalf of agents has been quantified. The revenue recognised is in terms of the agency agreement.

10.3.6 Revenue from Recovery of Unauthorised, Irregular, Fruitless and Wasteful Expenditure

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

11. PROVISIONS

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the obligation.

The best estimate of the expenditure required to settle the present obligation is the amount that the municipality would rationally pay to settle the obligation at the reporting date or to transfer it to a third party at that time and are determined by the judgment of the management of the municipality, supplemented by experience of similar transactions and, in some cases, reports from independent experts. The evidence considered includes any additional evidence provided by events after the reporting date. Uncertainties surrounding the amount to be recognised as a provision are dealt with by various means according to the circumstances. Where the provision being measured involves a large population of items, the obligation is estimated by weighting all possible outcomes by their associated probabilities.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision. An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it – this unavoidable cost resulting from the contract is the amount of the provision to be recognised.

Provisions are reviewed at reporting date and the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. When the effect of discounting is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money. The impact of the periodic unwinding of the discount is recognised in the Statement of Financial Performance as a finance cost as it occurs.

11.1 Provision for Environmental Rehabilitation

Estimated long-term environmental provisions, comprising rehabilitation and landfill site closure, are based on the municipality's policy, taking into account current technological, environmental and regulatory requirements. The provision for rehabilitation is recognised as and when the environmental liability arises. To the extent that the obligations relate to the asset, they are capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset are charged to the Statement of Financial Performance.

12. EMPLOYEE BENEFIT LIABILITIES

The municipality changed its Accounting Policy from IAS 19 to GRAP 25 with no effect on the financial information previously disclosed.

12.1 Short-term Employee Benefits

Remuneration to employees is recognised in the Statement of Financial Performance as the services are rendered, except for non-accumulating benefits which are only recognised when the specific event occurs.

The municipality has opted to treat its provision for leave pay as an accrual.

The costs of all short-term employee benefits such as leave pay, are recognised during the period in which the employee renders the related service. The liability for leave pay is based on the total accrued leave days at year end and is shown as a creditor in the Statement of Financial Position. The municipality recognises the expected cost of performance bonuses only when the municipality has a present legal or constructive obligation to make such payment and a reliable estimate can be made.

12.2 Post-employment Benefits

The municipality provides retirement benefits for its employees and councillors, and has both defined benefit and defined contribution post-employment plans.

12.2.1 Defined Contribution Plans

A **Defined Contribution Plan** is a plan under which the municipality pays fixed contributions into a separate entity. The municipality has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to service in the current or prior periods.

The municipality's contributions to the defined contribution funds are established in terms of the rules governing those plans. Contributions are recognised in the Statement of Financial Performance in the period in which the service is rendered by the relevant employees. The municipality has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

12.2.2 Defined Benefit Plans

A **Defined Benefit Plan** is a post-employment benefit plan other than a defined contribution plan.

Post-retirement Health Care Benefits
The municipality has an obligation to provide Post-retirement Health Care Benefits to certain of its retirees. According to the rules of the Medical Aid Funds with which the municipality is associated, a member (who is on the current Conditions of Service), on retirement, is entitled to remain a continued member of the Medical Aid Fund, in which case the municipality is liable for a certain portion of the medical aid membership fee. Not all Medical Aid Funds with which the Municipality is associated, provide for continued membership.

The defined benefit liability is the aggregate of the present value of the defined benefit obligation and unrecognised actuarial gains and losses, reduced by unrecognised past service costs. The plan is unfunded. The present value of the defined benefit obligation is calculated using the *Projected Unit Credit Method* , incorporating actuarial assumptions and a discount rate based on the government bond rate. Valuations of these obligations are carried out annually by independent qualified actuaries.

Actuarial gains or losses are recognised immediately in the Statement of Financial Performance.

Past-service costs are recognised immediately in the Statement of Financial Performance.

Long-service Allowance
The municipality has an obligation to provide Long-service Allowance Benefits to all of its employees. According to the rules of the Long-service Allowance Scheme, which the municipality instituted and operates, an employee (who is on the current Conditions of Service), is entitled to a cash allowance, calculated in terms of the rules of the scheme, after 10, 15, 20, 25 and 30 years of continued service. The municipality's liability is based on an actuarial valuation. The *Projected Unit Credit Method* is used to value the liabilities. Actuarial gains and losses on the long-term incentives are accounted for through the Statement of Financial Performance.

Provincially-administered Defined Benefit Plans
The municipality contributes to various National- and Provincial-administered Defined Benefit Plans on behalf of its qualifying employees. These funds are multi-employer funds. The contributions to fund obligations for the payment of retirement benefits are charged against revenue in the year they become payable. These defined benefit funds are actuarially valued triennially on the Projected Unit Credit Method basis. Deficits are recovered through lump sum payments or increased future contributions on a proportional basis from all participating municipalities.

Defined Benefit Pension Plans
The municipality has an obligation to provide Post-retirement Pension Benefits to certain of its retirees. Pension contributions in respect of employees who were not members of a pension fund are recognised as an expense when incurred. Staff provident funds are maintained to accommodate personnel who, due to age, cannot join or be part of the various pension funds. The municipality contributes monthly to the funds.

The liability recognised in the Statement of Financial Position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated annually by independent actuaries using the *Projected Unit Credit Method*. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains or losses are recognised immediately in the Statement of Financial Performance.

Past-service costs are recognised immediately in the Statement of Financial Performance.

13. LEASES

13.1 Classification

Leases are classified as **Finance Leases** where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality.

Leases of property, plant and equipment, in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as **Operating Leases**.

13.2 The Municipality as Lessee

13.2.1 Finance Leases

Where the municipality enters into a finance lease, property, plant and equipment or intangible assets subject to finance lease agreements are capitalised at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. Corresponding liabilities are included in the Statement of Financial Position as Finance Lease Liabilities. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset, plus any direct costs incurred. Lease payments are allocated between the finance cost and the capital repayment using the *Effective Interest Rate Method*. Finance costs are expensed when incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the finance cost and the capital repayment using the *Effective Interest Rate Method*. Finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

13.2.2 Operating Leases

The municipality recognises operating lease rentals as an expense in the Statement of Financial Performance on a *Straight-line Basis* over the term of the relevant lease. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a *Straight-line Basis*, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

13.3 The Municipality as Lessor

Amounts due from lessees under **Finance Leases** or instalment sale agreements are recorded as receivables at the amount of the municipality's net investment in the leases. Finance lease or instalment sale revenue is allocated to accounting periods so as to reflect a constant periodic rate of return on the municipality's net investment outstanding in respect of the leases or instalment sale agreements.

Rental revenue from **Operating Leases** is recognised on a *Straight-line Basis* over the term of the relevant lease.

13.4 Determining whether an Arrangement contains a Lease

At inception of an arrangement, the municipality determines whether such an arrangement is, or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the municipality the right to control the use of the underlying asset. At inception, or upon reassessment of the arrangement, the municipality separates payments and other considerations required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the municipality concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the municipality's incremental borrowing rate.

14. BORROWING COSTS

All borrowing costs are treated as an expense in the period in which they are incurred.

15. VALUE ADDED TAX

The municipality accounts for Value Added Tax on the Payments Basis in accordance with section15(2)(a) of the Value-Added Tax Act (Act No 89 of 1991).

16. UNAUTHORISED EXPENDITURE

Unauthorised Expenditure is expenditure that has not been budgeted for, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state, and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No 56 of 2003). All expenditure relating to Unauthorised Expenditure is accounted for as an expense in the Statement of Financial Performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

17. IRREGULAR EXPENDITURE

Irregular Expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No 56 of 2003), the Municipal Systems Act (Act No 32 of 2000), the Public Office Bearers Act (Act No 20 of 1998), or is in contravention of the Municipality's or Municipal Entities' Supply Chain Management Policies. Irregular Expenditure excludes Unauthorised Expenditure. Irregular Expenditure is accounted for as an expense in the Statement of Financial Performance in the period it occurred and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

18. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and Wasteful Expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. All expenditure relating to Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

19. CHANGES IN ACCOUNTING POLICIES, ESTIMATES AND ERRORS

C**hanges in Accounting Policies** that are affected by management have been applied retrospectively in accordance with GRAP 3 requirements, except to the extent that it is impractical to determine the period-specific effects or the cumulative effect of the change in policy. In such cases the municipality restated the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practical. Details of Changes in Accounting Policies are disclosed in the Notes to the Annual Financial Statements where applicable.

Changes in Accounting Estimates are applied prospectively in accordance with GRAP 3 requirements. Details of changes in estimates are disclosed in the Notes to the Annual Financial Statements where applicable.

Correction of Errors is applied retrospectively in the period in which the error has occurred in accordance with GRAP 3 requirements, except to the extent that it is impractical to determine the period-specific effects or the cumulative effect of the error. In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practical. Details of Correction of Errors are disclosed in the Notes to the Annual Financial Statements where applicable.

20. TREATMENT OF ADMINISTRATION AND OTHER OVERHEAD EXPENSES

The costs of internal support services are transferred to the various services and departments to whom resources are made available.

21. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Contingent Liabilities represent a possible obligation that arises from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the municipality. A contingent liability can also arise as a result of a present obligation that arises from past events but which is not recognised as a liability either because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Contingent Assets represent possible assets that arise from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the municipality.

Contingent Assets and Contingent Liabilities are not recognised. Contingencies are disclosed in Notes to the Annual Financial Statements.

22. COMMITMENTS

Commitments are future expenditure to which the municipality committed and that will result in the outflow of resources. Commitments are not recognised in the Statement of Financial Position as a liability or as expenditure in the Statement of Financial Performance, but are included in the disclosure Notes. A distinction is made between capital and current commitments.

Commitments are disclosed for:

- Approved and contracted commitments, where the expenditure has been approved and the contract has been awarded at the reporting date, where disclosure is required by a specific standard of GRAP.
- Approved but not yet contracted commitments, where the expenditure has been approved and the contract has yet to be awarded or is awaiting finalisation at the reporting date.
- Items are classified as commitments where the municipality commits itself to future transactions that will normally result in the outflow of resources.
- Contracts that are entered into before the reporting date, but goods and services have not yet been received are disclosed in the disclosure Notes to the Annual Financial Statements.
- Other commitments for contracts that are non-cancellable or only cancellable at significant cost, should relate to something other than the business of the municipality.

23. RELATED PARTIES

The municipality changed its Accounting Policy from IPSAS 20 to GRAP 20 with no effect on the financial information previously disclosed.

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Management is regarded as a related party and comprises the Councillors, Mayor, Executive Committee Members, Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

24. EVENTS AFTER THE REPORTING DATE

Events after the reporting date that are classified as adjusting events have been accounted for in the Annual Financial Statements. The events after the reporting date that are classified as Non-adjusting Events after the Reporting Date have been disclosed in Notes to the Annual Financial Statements.

25. COMPARATIVE INFORMATION

25.1 Current Year Comparatives

In accordance with GRAP 1 Budgeted Amounts have been provided and forms part of the Annual Financial Statements.

25.2 Prior Year Comparatives

When the presentation or classification of items in the Annual Financial Statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed.

25.3 Budget Information

The annual budget figures have been prepared in accordance with the GRAP standard and are consistent with the Accounting Policies adopted by the Council for the preparation of these Annual Financial Statements. The amounts are scheduled as a separate additional financial statement, called the Statement of Comparison of Budget and Actual amounts. Explanatory comment is provided in the statement giving reasons for overall growth or decline in the budget and motivations for over- or under spending on line items. The annual budget figures included in the Annual Financial Statements are for the municipality and do not include budget information relating to subsidiaries or associates. These figures are those approved by the Council at the beginning and during the year following a period of consultation with the public as part of the Integrated Development Plan. The budget is approved on an accrual basis by nature classification.

The approved budget covers the period from 1 July 2014 to 30 June 2015.

1. INVENTORIES

	2015 R	2014 R
Consumable Stores	55,009	67,015
Maintenance Materials	92,069	67,142
Spare Parts	21,844	15,559
Less: Provision for Obsolete Stock	(50,521)	(50,520)
Total Inventories	**118,402**	**99,195**

Inventories are held for own use and measured at the lower of Cost and Current Replacement Cost. No write downs of Inventory to Net Realisable Value were required.

No Inventories have been pledged as collateral for Liabilities of the municipality.

2. RECEIVABLES FROM EXCHANGE TRANSACTIONS

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2015			
Service Debtors:	29,937,230	21,802,138	8,135,092
Electricity	7,543,463	4,295,448	3,248,015
Refuse	22,789,922	17,506,690	5,283,232
Other Receivables	13,670,063	10,974,932	2,695,131
Total Receivables from Exchange Transactions	**43,607,293**	**32,777,070**	**10,830,223**

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2014			
Service Debtors:	20,787,568	14,819,549	5,968,019
Electricity	5,289,388	2,942,808	2,346,580
Refuse	15,498,180	11,876,741	3,621,439
Other Receivables	12,396,090	10,773,407	1,622,683
Total Receivables from Exchange Transactions	**33,183,658**	**25,592,956**	**7,590,702**

Other Receivables include outstanding debtors for various other services, e.g. Arrangements, Deposits, Housing, Interest, Rentals and Sundry Services like Garden Refuse, Sanitation Bags, etc.

Receivables from Exchange Transactions are billed monthly, latest end of month. No interest is charged on Receivables until the end of the following month. Thereafter interest is charged at a rate determined by council on the outstanding balance.

The municipality receives applications that it processes. Deposits are required to be paid for all electricity accounts opened. There are no consumers who represent more than 5% of the total balance of Receivables.

At 30 June 2015, the municipality is owed a total of R7,615,022 (30 June 2014: R3,609,409) by National and Provincial Government, a portion of which is also included in Receivables from Non-Exchange Transactions.

The municipality did not pledge any of its Receivables as security for borrowing purposes.

	2015	2014
	R	R

2.1 Ageing of Receivables from Exchange Transactions

As at 30 June 2015

	Current	Past Due			Total
	0 - 30 days	*31 - 60 Days*	*61 - 90 Days*	*+ 90 Days*	
Electricity:					
Gross Balances	1,011,626	476,375	327,133	5,957,969	7,773,103
Less: Provision for Impairment	637	1,087	1,484	4,292,240	4,295,448
Net Balances	**1,010,989**	**475,288**	**325,650**	**1,665,729**	**3,477,655**
Refuse:					
Gross Balances	720,704	648,246	616,688	20,806,271	22,791,909
Less: Provision for Impairment	180	214	262	17,506,034	17,506,690
Net Balances	**720,524**	**648,032**	**616,426**	**3,300,237**	**5,285,219**
Other Receivables:					
Gross Balances	105,827	90,114	89,792	13,384,331	13,670,063
Less: Provision for Impairment	4	7	11	10,974,910	10,974,932
Net Balances	**105,823**	**90,106**	**89,781**	**2,409,421**	**2,695,131**

As at 30 June Receivables of R9,620,670 were past due but not impaired. The age analysis of these Receivables are as follows:

	Past Due			Total
	31 - 60 Days	*61 - 90 Days*	*+ 90 Days*	
All Receivables:				
Gross Balances	1,214,735	1,033,613	40,148,571	42,396,919
Less: Provision for Impairment	1,309	1,756	32,773,184	32,776,249
Net Balances	**1,213,426**	**1,031,857**	**7,375,387**	**9,620,670**

As at 30 June 2014

	Current	Past Due			Total
	0 - 30 days	*31 - 60 Days*	*61 - 90 Days*	*+ 90 Days*	
Electricity:					
Gross Balances	797,632	578,989	350,962	3,561,805	5,289,388
Less: Provision for Impairment	882	679	1,310	2,939,937	2,942,808
Net Balances	**796,750**	**578,310**	**349,652**	**621,868**	**2,346,580**
Refuse:					
Gross Balances	676,655	685,422	676,024	13,460,079	15,498,180
Less: Provision for Impairment	170	154	172	11,876,245	11,876,741
Net Balances	**676,485**	**685,268**	**675,852**	**1,583,834**	**3,621,439**
Other Receivables:					
Gross Balances	-	91,856	99,780	12,204,454	12,396,090
Less: Provision for Impairment	-	-	-	10,773,407	10,773,407
Net Balances	**-**	**91,856**	**99,780**	**1,431,047**	**1,622,683**

	2015	2014
	R	R

As at 30 June Receivables of R6,117,467 were past due but not impaired. The age analysis of these Receivables are as follows:

	Past Due			Total
	31 - 60 Days	61 - 90 Days	+ 90 Days	
All Receivables:				
Gross Balances	1,356,267	1,126,766	29,226,338	31,709,371
Less: Provision for Impairment	833	1,482	25,589,589	25,591,904
Net Balances	**1,355,434**	**1,125,284**	**3,636,749**	**6,117,467**

2.2 Summary of Receivables from Exchange Transactions by Customer Classification

	Household	Industrial/ Commercial	National and Provincial Government	Other
	R	R	R	R
As at 30 June 2015				
Current:				
0 - 30 days	1,260,620	290,098	287,438	-
Past Due:				
31 - 60 Days	914,888	103,412	196,436	-
61 - 90 Days	836,788	58,554	138,270	-
+ 90 Days	35,476,269	1,630,541	3,041,761	-
Sub-total	38,488,565	2,082,604	3,663,905	-
Less: Provision for Impairment	28,882,377	1,367,813	2,526,881	-
Total Trade Receivables by Customer Classification	**9,606,188**	**714,792**	**1,137,025**	**-**

	Household	Industrial/ Commercial	National and Provincial Government	Other
	R	R	R	R
As at 30 June 2014				
Current:				
0 - 30 days	1,293,806	180,481	-	-
Past Due:				
31 - 60 Days	1,038,477	177,916	139,874	-
61 - 90 Days	969,641	111,455	45,671	-
+ 90 Days	25,802,576	2,214,393	1,209,369	-
Sub-total	29,104,500	2,684,244	1,394,914	-
Less: Provision for Impairment	23,507,442	1,245,810	839,705	-
Total Trade Receivables by Customer Classification	**5,597,058**	**1,438,435**	**555,209**	**-**

	2015	2014
	R	R
2.3 Reconciliation of the Provision for Impairment		
Balance at beginning of year	25,592,956	28,900,352
Impairment Losses recognised	7,184,114	597,777
Impairment Losses reversed	-	-
Amounts written off as uncollectable	-	(3,905,173)
Balance at end of year	**32,777,070**	**25,592,956**

	2015 R	2014 R

In determining the recoverability of Receivables, the municipality has placed strong emphasis on verifying the indigent status of consumers. Provision for impairment of Receivables has been made for all consumer balances outstanding based on the payment ratio over 12 months per service type. No further credit provision is required in excess of the Provision for Impairment.

The municipality holds collateral over these balances in the form of Consumer Deposits / Guarantees, which are not covering the total outstanding debt and vacant property respectively.

2.4 Ageing of impaired Receivables from Exchange Transactions

	2015 R	2014 R
Current:		
0 - 30 Days	821	1,052
Past Due:		
31 - 60 Days	1,309	833
61 - 90 Days	1,756	1,482
+ 90 Days	32,773,184	25,589,589
Total	**32,777,070**	**25,592,956**

2.5 Derecognition of Financial Assets

No Financial Assets have been transferred to other parties during the year.

3. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

As at 30 June 2015	**Gross Balances R**	**Provision for Impairment R**	**Net Balances R**
Assessment Rates Debtors	11,422,873	9,785,033	1,637,840
Sundry Debtors	12,286,282	-	12,286,282
JGDM Services	5,287,683	-	5,287,683
Total Receivables from Non-exchange Transactions	**28,996,838**	**9,785,033**	**19,211,805**

As at 30 June 2014	**Gross Balances R**	**Provision for Impairment R**	**Net Balances R**
Assessment Rates Debtors	9,398,341	8,633,766	764,575
Sundry Debtors	11,740,460	-	11,740,460
JGDM Services	3,988,682	-	3,988,682
Total Receivables from Non-exchange Transactions	**25,127,483**	**8,633,766**	**16,493,717**

The municipality does not hold deposits or other security for its Receivables.

None of the Receivables have been pledged as security for the municipality's financial liabilities.

	2015	2014
	R	R

3.1 Ageing of Receivables from Non-exchange Transactions

As at 30 June 2015

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
Assessment Rates:					
Gross Balances	463,993	348,999	316,500	10,317,659	11,447,152
Less: Provision for Impairment	208	228	235	9,784,361	9,785,033
Net Balances	**463,785**	**348,772**	**316,265**	**533,298**	**1,662,119**

As at 30 June Receivables of R1,198,334 were past due but not impaired. The age analysis of these Receivables are as follows:

	Past Due			Total
	31 - 60 Days	61 - 90 Days	+ 90 Days	
All Receivables:				
Gross Balances	348,999	316,500	10,317,659	10,983,159
Less: Provision for Impairment	228	235	9,784,361	9,784,825
Net Balances	**348,772**	**316,265**	**533,298**	**1,198,334**

As at 30 June 2014

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
Assessment Rates:					
Gross Balances	105,037	318,501	300,530	8,674,273	9,398,341
Less: Provision for Impairment	312	251	246	8,632,957	8,633,766
Net Balances	**104,725**	**318,250**	**300,284**	**41,316**	**764,575**

As at 30 June Receivables of R659,850 were past due but not impaired. The age analysis of these Receivables are as follows:

	Past Due			Total
	31 - 60 Days	61 - 90 Days	+ 90 Days	
All Receivables:				
Gross Balances	318,501	300,530	8,674,273	9,293,304
Less: Provision for Impairment	251	246	8,632,957	8,633,454
Net Balances	**318,250**	**300,284**	**41,316**	**659,850**

3.2 Summary of Assessment Rates Debtors by Customer Classification

	Household	Industrial/ Commercial	National and Provincial Government	Other
	R	R	R	R
As at 30 June 2015				
Current:				
0 - 30 days	303,569	17,628	142,796	
Past Due:				
31 - 60 Days	195,269	12,018	141,713	
61 - 90 Days	164,327	11,509	140,664	
+ 90 Days	5,785,378	1,006,338	3,525,942	
Sub-total	6,448,543	1,047,493	3,951,116	-
Less: Provision for Impairment	6,289,578	846,995	2,648,459	
Total Rates Debtors by Customer Classification	**158,964**	**200,498**	**1,302,657**	**-**

	Household	Industrial/ Commercial	National and Provincial Government	Other
	R	R	R	R
As at 30 June 2014				
Current:				
0 - 30 days	20,983	14,202	69,851	-
Past Due:				
31 - 60 Days	200,598	30,747	87,155	-
61 - 90 Days	187,596	25,595	87,339	-
+ 90 Days	5,815,106	889,017	1,970,150	-
Sub-total	6,224,284	959,562	2,214,496	-
Less: Provision for Impairment	6,026,544	853,743	1,753,479	-
Total Rates Debtors by Customer Classification	**197,739**	**105,819**	**461,017**	**-**

3.3 Reconciliation of Provision for Impairment

	2015 R	2014 R
Balance at beginning of year	8,633,766	4,822,869
Impairment Losses recognised	1,151,267	4,727,989
Impairment Losses reversed	-	-
Amounts written off as uncollectable	-	(917,092)
Balance at end of year	**9,785,033**	**8,633,766**

The Provision for Impairment on Receivables exists predominantly due to the possibility that these debts will not be recovered. The Provision for Impairment was calculated after grouping all the financial assets of similar nature and risk ratings and assessing the recoverability.

The municipality holds collateral over certain receivable balances in the form of Rates Assessment Deposits / Guarantees, which are not covering the total outstanding debt and vacant property respectively.

No provision for Impairment was calculated on Receivables other than Assessment Rates Debtors as the management is of the opinion that all Receivables are recoverable within normal credit terms.

4. VAT RECEIVABLE

	2015 R	2014 R
Vat Receivable	**-**	**2,577,682**

Vat is payable on the receipts basis. Only once payment is received from debtors, VAT is paid over to SARS.

No interest is payable to SARS if the VAT is paid over timeously, but interest for late payments is charged according to SARS policies. The municipality has financial risk policies in place to ensure that payments are affected before the due date.

	2015 R	2014 R
5. CASH AND CASH EQUIVALENTS		
Current Investments	560,076	900,863
Bank Accounts	242,464	440,465
Cash and Cash Equivalents	8,400	8,400
Total Bank, Cash and Cash Equivalents	**810,940**	**1,349,728**

For the purposes of the Statement of Financial Position and the Cash Flow Statement, Cash and Cash Equivalents include Cash-on-Hand, Cash in Banks and Investments in Money Market Instruments, net of outstanding Bank Overdrafts.

5.1 Current Investment Deposits

	2015 R	2014 R
Call Deposits	560,076	900,863
Total Current Investment Deposits	**560,076**	**900,863**

Call Deposits are investments with a maturity period of less than 3 months and earn interest at varying rates.

Notice Deposits are investments with a maturity period of less than 12 months and earn interst at varying rates.

The municipality has the following bank accounts that may be used for short term investments:

Account Number	Bank Name	Type Of Account
2,067,401,932	ABSA	Fixed Deposit
2,069,462,077	ABSA	Fixed Deposit
9,064,489,631	ABSA	32-Day Notice Deposit
9,059,967,363	ABSA	Call Account
5,064,344,937	ABSA	32 Day Notice
9,272,831,416	ABSA	Call Account

5.2 Bank Accounts

	2015 R	2014 R
Cash in Bank	242,464	440,465
Total Bank Accounts	**242,464**	**440,465**

The Municipality has the following bank accounts:

Primary Bank Account
ABSA bank account 180000220161

	2015 R	2014 R
Cash book balance at beginning of year	440,465	308,529
Cash book balance at end of year	242,464	440,465
Bank statement balance at beginning of year	440,465	321,595
Bank statement balance at end of year	142,011	440,465

The municipality does not have any overdrawn current account facilities with its banker and therefore does not incur interest on overdrawn current accounts. Interest is earned at different rates per annum on favourable balances.

5.3 Cash and Cash Equivalents

	2015 R	2014 R
Cash Floats and Advances	8,400	8,400
Total Cash on hand in Cash Floats, Advances and Equivalents	**8,400**	**8,400**

The municipality did not pledge any of its Cash and Cash Equivalents as collateral for its financial liabilities.

No restrictions have been imposed on the municipality in terms of the utilisation of its Cash and Cash Equivalents.

6 PROPERTY, PLANT AND EQUIPMENT

30 June 2015

Reconciliation of Carrying Value

Description	Land and Buildings	Infra-structure	Other	Leased Infra-structure	Total
	R	R	R	R	R
Carrying values at 01 July 2014	**152,187,511**	**158,504,563**	**4,665,197**	**3,174,379**	**318,531,650**
Cost	213,267,090	285,533,257	8,107,689	11,006,768	517,914,804
- *Completed Assets*	*210,974,246*	*283,151,534*	*8,107,689*	*11,006,768*	*513,240,237*
- *Under Construction*	*2,292,844*	*2,381,723*	-	-	*4,674,567*
Correction of error (Note 41)	-	-	-	-	-
Revaluation	-	-	-	-	-
Accumulated Impairment Losses	-	-	-	-	-
Accumulated Depreciation:	(61,079,579)	(127,028,694)	(3,442,492)	(7,832,389)	(199,383,154)
- *Cost*	*(61,079,579)*	*(127,028,694)*	*(3,442,492)*	*(7,832,389)*	*(199,383,154)*
- *Revaluation*	-	-	-	-	-
Acquisitions	-	-	152,843	-	152,843
Capital under Construction - Additions:	-	9,969,147	-	-	9,969,147
Depreciation:	(2,661,564)	(11,526,855)	(777,142)	(1,416,441)	(16,382,002)
Impairment Losses	-	-	(79,190)	-	(79,190)
Capital under Construction - Completed	-	(6,158,040)	-	-	(6,158,040)
Other Movements	-	6,158,040	-	-	6,158,040
- Cost	-	6,158,040	-	-	6,158,040
Carrying values at 30 June 2015	**149,525,947**	**156,946,855**	**3,961,708**	**1,757,938**	**312,192,448**
Cost	213,267,090	295,502,404	8,260,532	11,006,768	528,036,794
- *Completed Assets*	*210,974,246*	*289,309,574*	*8,260,532*	*11,006,768*	*519,551,120*
- *Under Construction*	*2,292,844*	*6,192,830*	-	-	*8,485,674*
Revaluation	-	-	-	-	-
Accumulated Impairment Losses	-	-	(79,190)	-	(79,190)
Accumulated Depreciation:	(63,741,143)	(138,555,549)	(4,219,634)	(9,248,830)	(215,765,156)
- *Cost*	*(63,741,143)*	*(138,555,549)*	*(4,219,634)*	*(9,248,830)*	*(215,765,156)*
- *Revaluation*	-	-	-	-	-

6 PROPERTY, PLANT AND EQUIPMENT (Continued)

30 June 2014

Reconciliation of Carrying Value

Description	Land and Buildings	Infra- structure	Other	Leased Infra- structure	Total
	R	R	R	R	R
Carrying values at 01 July 2013	**152,844,609**	**159,441,909**	**5,333,217**	**4,878,003**	**322,497,738**
Cost	211,262,624	275,118,024	8,030,415	11,006,768	505,417,831
- *Completed Assets*	*210,974,246*	*270,928,522*	*8,030,415*	*11,006,768*	*500,939,951*
- *Under Construction*	*288,378*	*4,189,502*	*-*	*-*	*4,477,880*
Correction of error (Note 41)	-	-	-	-	-
Revaluation	-	-	-	-	-
Accumulated Impairment Losses	-	-	-	-	-
Accumulated Depreciation:	(58,418,015)	(115,676,115)	(2,697,198)	(6,128,765)	(182,920,093)
- *Cost*	*(58,418,015)*	*(115,676,115)*	*(2,697,198)*	*(6,128,765)*	*(182,920,093)*
- *Revaluation*	*-*	*-*	*-*	*-*	*-*
Acquisitions	-	-	77,274	-	77,274
Capital under Construction - Additions:	2,004,466	10,415,233	-	-	12,419,699
Depreciation:	(2,661,564)	(11,352,579)	(745,294)	(1,703,624)	(16,463,061)
Capital under Construction - Completed	-	(12,223,012)	-	-	(12,223,012)
Other Movements	-	12,223,012	-	-	12,223,012
Carrying values at 30 June 2014	**152,187,511**	**158,504,563**	**4,665,197**	**3,174,379**	**318,531,650**
Cost	213,267,090	285,533,257	8,107,689	11,006,768	517,914,804
- *Completed Assets*	*210,974,246*	*283,151,534*	*8,107,689*	*11,006,768*	*513,240,237*
- *Under Construction*	*2,292,844*	*2,381,723*	*-*	*-*	*4,674,567*
Revaluation	-	-	-	-	-
Accumulated Impairment Losses	-	-	-	-	-
Accumulated Depreciation:	(61,079,579)	(127,028,694)	(3,442,492)	(7,832,389)	(199,383,154)
- *Cost*	*(61,079,579)*	*(127,028,694)*	*(3,442,492)*	*(7,832,389)*	*(199,383,154)*
- *Revaluation*	*-*	*-*	*-*	*-*	*-*

	2015	2014
	R	R

6 PROPERTY, PLANT AND EQUIPMENT (Continued)

6.1 Gross Carrying Amount of Property, Plant and Equipment that is fully depreciated and still in use

There are no Property, Plant and Equipment that is fully depreciated at year-end and still in use by the municipality.

6.2 Impairment of Property, Plant and Equipment

Impairment Losses on Property, Plant and Equipment to the amount of R79,190 (2014: R0) has been recognised in operating surplus and are included in Impairment Losses in the Statement of Financial Performance as indicated in Note 32.

7 INTANGIBLE ASSETS

	2015	2014
At Cost less Accumulated Amortisation and Accumulated Impairment Losses	**413,186**	**620,063**

The movement in Intangible Assets is reconciled as follows:

	Computer Software	Total
Carrying values at 01 July 2014	**620,063**	**620,063**
Cost	1,034,384	1,034,384
Accumulated Amortisation	(414,321)	(414,321)
Amortisation:	(206,877)	(206,877)
Purchased	(206,877)	(206,877)
Internally Developed	-	-
Carrying values at 30 June 2015	**413,186**	**413,186**
Cost	1,034,384	1,034,384
Accumulated Amortisation	(621,198)	(621,198)

	Computer Software	Total
Carrying values at 01 July 2013	**826,940**	**826,940**
Cost	1,034,384	1,034,384
Accumulated Amortisation	(207,444)	(207,444)
Amortisation:	(206,877)	(206,877)
Purchased	(206,877)	(206,877)
Internally Developed	-	-
Carrying values at 30 June 2014	**620,063**	**620,063**
Cost	1,034,384	1,034,384
Accumulated Amortisation	(414,321)	(414,321)

The amortisation expense has been included in the line item "Depreciation and Amortisation" in the Statement of Financial Performance (see Note

All of the municipality's Intangible Assets are held under freehold interests and no Intangible Assets had been pledged as security for any liabilities of the municipality.

No restrictions apply to any of the Intangible Assets of the municipality.

Refer to Appendix "B" for more detail on Intangible Assets.

7.1 Intangible Assets with Indefinite Useful Lives

The municipality amortises all of its Intangible Assets and none of such assets are regarded as having indefinite useful lives.

The useful lives of the Intangible Assets remain unchanged from the previous year.

7.2 Impairment of Intangible Assets

No impairment losses have been recognised on Intangible Assets of the municipality at the reporting date.

8 INVESTMENT PROPERTY

	2015 R	2014 R
At Cost less Accumulated Depreciation	**14,231,192**	**14,276,504**

The movement in Investment Property is reconciled as follows:

	2015 R	2014 R
Carrying values at 1 July	**14,276,504**	**14,321,816**
Cost	15,653,702	15,653,702
Accumulated Depreciation	(1,377,198)	(1,331,886)
Depreciation during the Year	(45,312)	(45,312)
Carrying values at 30 June	**14,231,192**	**14,276,504**
Cost	15,653,702	15,653,702
Accumulated Depreciation	(1,422,510)	(1,377,198)
Estimated Fair Value of Investment Property at 30 June	**4,605,000**	**4,605,000**

All of the municipality’s Investment Property is held under freehold interests and no Investment Property had been pledged as security for any liabilities of the municipality.

There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.

There are no contractual obligations on Investment Property.

Refer to Appendix "B" for more detail on Investment Property.

8.1 Investment Property carried at Fair Value

The municipality's Investment Properties are accounted for according to the cost model and therefore no fair value has been determined.

8.2 Impairment of Investment Property

No impairment losses have been recognised on Investment Property of the municipality at the reporting

9 HERITAGE ASSETS

	2015 R	2014 R
At Cost less Accumulated Impairment Losses	**11,041,248**	**11,041,248**

All of the municipality’s Heritage Assets are held under freehold interests and no Heritage Assets had been pledged as security for any liabilities of the municipality.

No restrictions apply to any of the Heritage Assets of the municipality.

Refer to Appendix "B" for more detail on Heritage Assets.

9.1 Impairment of Heritage Assets

No impairment losses have been recognised on Heritage Assets of the municipality at the reporting date.

9.2 Heritage Assets measured after recognition using the Revaluation Model

The municipality's Heritage Assets are accounted for according to the cost model and therefore no fair value has been determined.

10 BIOLOGICAL ASSETS

	2015 R	2014 R
At Fair Value	**130,450**	**244,775**

The municipality's Biological Assets consist of Game which is kept in the Oviston Nature Reserve.
This Game includes Red Wildebeest, Zebra, Donkey, Impala, Brown Blesbuck, White Blesbuck and Rheebuck, in varying

	2015 R	2014 R

The movement in Biological Assets is reconciled as follows:

	Game Count	Total Value
Carrying values at 01 July 2014	**86**	**244,775**
Fair Value	86	244,775
Acquisitions during the Year	3	9,300
Impairment Losses during the Year	(37)	(123,625)
Carrying values at 30 June 2015	**52**	**130,450**
Fair Value	89	254,075

	Game Count	Total Value
Carrying values at 01 July 2013	**66**	**164,875**
Fair Value	66	164,875
Acquisitions during the Year	20	79,900
Impairment Losses during the Year	-	-
Carrying values at 30 June 2014	**86**	**244,775**
Fair Value	86	244,775

11 CONSUMER DEPOSITS

	2015 R	2014 R
Electricity	112,921	60,241
Total Consumer Deposits	**112,921**	**60,241**
Guarantees held in lieu of Electricity and Water Deposits	**1,775,596**	**1,775,596**

Consumer Deposits are paid by consumers on application for new electricity connections. The deposits are repaid when the electricity connections are terminated. In cases where consumers default on their accounts, the municipality can utilise the deposit as payment for the outstanding account.

No interest is paid on Consumer Deposits held.

12 PROVISIONS

	2015 R	2014 R
Current Portion of Post-retirement Medical Aid Benefits Liability (See Note 18)	337,584	321,000
Current Portion of Long-term Service Liability (See Note 18)	314,311	255,000
Total Provisions	**651,895**	**576,000**

Performance Bonuses Provision has been reversed for the previous year as no performance management system was in place resulting that no bonuses were accrued at the reporting date.
Refer to Correction of Error Note 41 for more detail in this regard.

	Long-term Service R	Post-retirement R
30 June 2015		
Balance at beginning of year	255,000	321,000
Transfer from non-current	59,311	16,584
Balance at end of year	**314,311**	**337,584**

	Long-term Service R	Post-retirement R
30 June 2014		
Balance at beginning of year	383,000	287,000
Transfer from non-current	(128,000)	34,000
Balance at end of year	**255,000**	**321,000**

	2015 R	2014 R

13 PAYABLES FROM EXCHANGE TRANSACTIONS

	2015 R	2014 R
Trade Creditors	63,210,275	44,506,198
Retentions	688,100	380,198
Other Creditors	182	182
Total Payables	**63,898,557**	**44,886,578**

The average credit period on purchases is 616 (2014: 405) days, as opposed to 30 days from the receipt of the invoice as determined by the MFMA.

No interest is charged for the first 30 days from the date of receipt of the invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the municipality

14 PAYABLES FROM NON-EXCHANGE TRANSACTIONS

	2015 R	2014 R
Payments received in Advance	421,356	533,356
Staff Bonuses - 13th Cheque	817,926	800,170
Staff Leave Accrued	2,491,942	1,899,300
Unallocated Receipts	179,463	280,364
Sundry Deposits	143,068	129,801
Other Payables	29,433,411	23,225,419
Total Payables	**33,487,166**	**26,868,410**

Staff Bonuses accrue to the staff of the municipality on an annual basis, subject to certain conditions. The provision is an estimate of the amount due at the reporting date.

Staff Leave accrues to the staff of the municipality on an annual basis, subject to certain conditions. The provision is an estimate of the amount due at the reporting date.

No credit period exists for Payables from Non-exchange Transactions, neither has any credit period been arranged. No interest is charged on outstanding amounts.

15 UNSPENT CONDITIONAL GRANTS AND RECEIPTS

	2015 R	2014 R
15.1 Conditional Grants from Government	**524,371**	**3,630,573**
National Government Grants	245,917	2,531,513
Provincial Government Grants	278,454	1,099,060
Total Conditional Grants and Receipts	**524,371**	**3,630,573**

See Note 24 for the reconciliation of Grants from Government. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised.

Refer to Appendix "F" for more detail on Conditional Grants.

16 VAT PAYABLE

	2015 R	2014 R
Vat Payable	**102,190**	**-**

Vat is payable on the receipts basis. Only once payment is received from debtors, VAT is paid over to SARS.

17 LONG-TERM LIABILITIES

	2015 R	2014 R
Annuity Loans	1,234,081	1,552,974
Finance Lease Liabilities	2,078,349	3,581,209
Sub-total	3,312,430	5,134,183
Less: Current Portion transferred to Current Liabilities:-	1,986,815	1,834,073
Annuity Loans	342,976	331,213
Finance Lease Liabilities	1,643,839	1,502,860
Total Long-term Liabilities (Neither past due, nor impaired)	**1,325,615**	**3,300,110**

The DBSA Annuity Loan is repaid over a period of 10 years and at an interest rate of 5,00% (7,00% on Arrears) per annum. The Annuity Loan is not secured.

Finance Lease Liabilities relates to Office and IT Equipment with lease terms of 5 (2014: 5) years. The effective interest rate on Finance Leases is between 9% and 15.5%. Capitalised Lease Liabilities are secured over the items equipment leased.

The management of the municipality is of the opinion that the carrying value of Long-term Liabilities recorded at amortised cost in the Annual Financial Statements approximate their fair values.

The fair value of Long-term Liabilities was determined after considering the standard terms and conditions of agreements entered into between the municipality and the relevant financing institutions.

	2015	2014
	R	R

Refer to Appendix "A" for more detail on Long-term Liabilities.

17.1 Obligations under Finance Lease Liabilities

The Municipality as Lessee:
Finance Leases relate to Property, Plant and Equipment with lease terms not more than 5 years (2014: 5 years). The effective interest rate on Finance Leases is between 9% and 15.5% (2014: 9% and 15.5%).

The obligations under Finance Leases are as follows:

	Minimum Lease Payments		Present Value of Minimum Lease Payments	
	2015	2014	2015	2014
	R	R	R	R
Amounts payable under finance leases:				
Within one year	1,764,179	1,764,179	1,764,179	1,764,179
In the second to fifth years, inclusive	441,045	2,205,224	441,045	2,205,224
Over five years	-	-	-	-
	2,205,224	3,969,403	2,205,224	3,969,403
Less: Future Finance Obligations	126,875	388,194	126,875	388,194
Present Value of Minimum Lease Obligations	**2,078,349**	**3,581,209**	**2,078,349**	**3,581,209**
Less: Amounts due for settlement within 12 months (Current Portion)			1,643,839	1,502,860
Finance Lease Obligations due for settlement after 12 months (Non-current Portion)			434,510	2,078,349

The municipality has finance lease agreements for the following significant classes of assets:
- Office Equipment

18 EMPLOYEE BENEFIT LIABILITIES

	2015	2014
Post-retirement Health Care Benefits Liability	11,300,502	12,369,000
Long Service Awards Liability	2,214,515	1,979,000
Total Employee Benefit Liabilities	**13,515,017**	**14,348,000**

18.1 Post-retirement Health Care Benefits Liability

	2015	2014
Balance at beginning of Year	12,690,000	12,204,000
Contributions to Provision	1,788,000	1,510,000
Increase due to Discounting	(2,518,914)	(737,000)
Expenditure incurred	(321,000)	(287,000)
Balance at end of Year	11,638,086	12,690,000
Transfer to Current Provisions	(337,584)	(321,000)
Total Post-retirement Health Care Benefits Liability	**11,300,502**	**12,369,000**

The municipality provides certain post-retirement health care benefits by funding the medical aid contributions of qualifying retired members of the municipality. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current Conditions of Service) is entitled to remain a continued member of such medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee. The municipality operates an unfunded defined benefit plan for these qualifying employees. No other post-retirement benefits are provided to these employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2015 by Mr C Weiss, Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

	2015 R	2014 R
The members of the Post-employment Health Care Benefit Plan are made up as follows:		
In-service Members (Employees)	67	67
Continuation Members (Retirees, widowers and orphans)	8	8
Total Members	**75**	**75**
The liability in respect of past service has been estimated as follows:		
In-service Members	6,832,136	7,997,000
In-service Non-members	4,805,950	4,693,000
Continuation Members		
Total Liability	**11,638,086**	**12,690,000**

The municipality makes monthly contributions for health care arrangements to the following Medical Aid Schemes:

- Bonitas
- Hosmed
- Keyhealth
- LA Health
- Samwumed

The Current-service Cost for the year ending 30 June 2015 is estimated to be R594,000, whereas the cost for the ensuing year is estimated to be R3 487 922 (30 June 2014: R636,000 and R594,000 respectively).

	2015 R	2014 R
The principal assumptions used for the purposes of the actuarial valuations were as follows:		
Discount Rate	8.96%	9.53%
Health Care Cost Inflation Rate	8.08%	8.56%
Net Effective Discount Rate	0.82%	0.89%
Expected Retirement Age - Females	63	63
Expected Retirement Age - Males	63	63
Movements in the present value of the Defined Benefit Obligation were as follows:		
Balance at the beginning of the year	12,690,000	12,204,000
Current service costs	594,000	636,000
Interest cost	1,194,000	874,000
Benefits paid	(321,000)	(287,000)
Actuarial losses / (gains)	(2,518,914)	(737,000)
Total Recognised Benefit Liability	**11,638,086**	**12,690,000**
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	11,638,086	12,690,000
Unfunded Accrued Liability	11,638,086	12,690,000
Total Benefit Liability	**11,638,086**	**12,690,000**
The amounts recognised in the Statement of Financial Performance are as follows:		
Current service cost	594,000	636,000
Interest cost	1,194,000	874,000
Expenditure Incurred	(321,000)	(287,000)
Actuarial losses / (gains)	(2,518,914)	(737,000)
Total Post-retirement Benefit included in Employee Related Costs (Note 29)	**(1,051,914)**	**486,000**

The history of experienced adjustments is as follows:

	2015 R	2014 R	2013 R	2012 R	2011 R
Present Value of Defined Benefit Obligation	11,638,086	12,690,000	12,204,000	12,191,000	11,955,000
Deficit	**11,638,086**	**12,690,000**	**12,204,000**	**12,191,000**	**11,955,000**

	2015 R	2014 R

The effect of a 1% movement in the assumed rate of health care cost inflation is as follows:

	2015 R	2014 R
Increase:		
Effect on the aggregate of the current service cost and the interest cost	1,876,900	2,136,000
Effect on the defined benefit obligation	13,725,000	14,881,000
Decrease:		
Effect on the aggregate of the current service cost and the interest cost	1,305,200	1,512,000
Effect on the defined benefit obligation	9,977,000	10,931,000

The municipality expects to make a contribution of R337 584 (2014: R321 000) to the Defined Benefit

Refer to Note 48, "Multi-employer Retirement Benefit Information", to the Annual Financial Statements for more information regarding the municipality's other retirement funds that is Provincially and Nationally administered.

18.2 Long Service Awards Liability

	2015 R	2014 R
Balance at beginning of year	2,234,000	3,150,000
Contributions to provision	814,000	1,158,000
Increase due to discounting	(264,174)	(1,691,000)
Expenditure incurred	(255,000)	(383,000)
Balance at end of Year	2,528,826	2,234,000
Transfer to Current Provisions	(314,311)	(255,000)
Total Long Service Awards Liability	**2,214,515**	**1,979,000**

The municipality operates an unfunded defined benefit plan for all its employees. Under the plan, a Long-service Award is payable after 10 years of continuous service, and every 5 years of continuous service thereafter to 45 years, to employees. The provision is an estimate of the long-service based on historical staff turnover. No other long-service benefits are provided to employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2015 by Mr C Weiss, Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

At year end, 193 (2014: 161) employees were eligible for Long-service Awards.

The Current-service Cost for the year ending 30 June 2015 is estimated to be R638,000, whereas the cost for the ensuing year is estimated to be R932 884 (30 June 2014: R944,000 and R638,000 respectively).

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	2015	2014
Discount Rate	8.04%	8.37%
Cost Inflation Rate	7.10%	6.21%
Net Effective Discount Rate	88.00%	6.21%
Expected Retirement Age - Females	63	63
Expected Retirement Age - Males	63	63

Movements in the present value of the Defined Benefit Obligation were as follows:

	2015 R	2014 R
Balance at the beginning of the year	2,234,000	3,150,000
Current service costs	638,000	944,000
Interest cost	176,000	214,000
Benefits paid	(255,000)	(383,000)
Actuarial losses / (gains)	(264,174)	(1,691,000)
Total Recognised Benefit Liability	**2,528,826**	**2,234,000**

The amounts recognised in the Statement of Financial Position are as follows:

	2015 R	2014 R
Present value of fund obligations	2,528,826	2,234,000
Unfunded Accrued Liability	2,528,826	2,234,000
Total Benefit Liability	**2,528,826**	**2,234,000**

The amounts recognised in the Statement of Financial Performance are as follows:

	2015 R	2014 R
Current service cost	638,000	944,000
Interest cost	176,000	214,000
Benefits Paid	(255,000)	(383,000)
Actuarial losses / (gains)	(264,174)	(1,691,000)
Total Post-retirement Benefit included in Employee Related Costs (Note 29)	**294,826**	**(916,000)**

	2015 R	2014 R

The history of experienced adjustments is as follows:

	2015 R	2014 R	2013 R	2012 R	2011 R
Present Value of Defined Benefit Obligation	2,528,826	2,234,000	3,150,000	2,460,000	1,831,000
Deficit	**2,528,826**	**2,234,000**	**3,150,000**	**2,460,000**	**1,831,000**

	2015 R	2014 R
The effect of a 1% movement in the assumed rate of long service cost inflation is as follows:		
Increase:		
Effect on the aggregate of the current service cost and the interest cost	546,900	910,000
Effect on the defined benefit obligation	2,705,000	2,416,000
Decrease:		
Effect on the aggregate of the current service cost and the interest cost	472,700	733,000
Effect on the defined benefit obligation	2,370,000	2,072,000

The municipality expects to make a contribution of R1 658 049 (2014: R1 479 214) to the defined benefit plans during the next financial year.

19 NON-CURRENT PROVISIONS

	2015	2014
Provision for Rehabilitation of Land-fill Sites	9,408,360	8,956,931
Total Non-current Provisions	**9,408,360**	**8,956,931**

The movement in the Provision for Rehabilitation of Land-fill Sites is reconciled as follows:

	2015	2014
Balance at beginning of year	8,956,931	8,527,162
Increase due to discounting	451,429	429,769
Balance at end of year	**9,408,360**	**8,956,931**

19.1 Rehabilitation of Land-fill Sites

In terms of the licencing of the landfill refuse sites, the municipality will incur licensing and rehabilitation costs of R9,408,360 (2014: R8,956,931) to restore the sites at the end of their useful lives. Provision has been made for the net present value of the future cost, using the average cost of borrowing interest rate.

	Proposed Rehabilitation	2015	2014
Steynsburg	2019/20	1,671,896	1,591,676
Venterstad	2049/50	2,773,341	2,640,271
Burgersdorp	2042/43	4,963,123	4,724,984
		9,408,360	**8,956,931**

20 ACCUMULATED SURPLUS

The Accumulated Surplus consists of the following Internal Funds and Reserves:

	2015	2014
Accumulated Surplus / (Deficit) due to the results of Operations	243,966,987	268,364,347
Total Accumulated Surplus	**243,966,987**	**268,364,347**

Refer to Statement of Changes in Net Assets for more detail and the movement on Accumulated Surplus.

	2015 R	2014 R

21 PROPERTY RATES

	Property Valuations		Actual Levies	
	July 2015 R000's	July 2014 R000's		
Agricultural	2,147,575	2,075,044	2,332,945	3,973,798
Commercial	102,768	1,524,167	208,714	1,478,674
Municipal	121,257	51,256	1,125,542	435,080
Residential	472,465	5,919,853	4,472,695	3,921,629
State	121,257	965,717	1,816,578	1,624,817
Less: Revenue Foregone		25,848	(3,445,257)	(3,796,558)
Total Property Rates	**2,965,322**	**10,561,885**	**6,511,217**	**7,637,440**

21.1 Calculation of Cash Flow:

	2015	2014
Property Rates Income	6,511,217	7,637,440
Opening Balance of Debtors: Assessment Rates	9,398,341	8,335,903
Closing Balance of Debtors: Assessment Rates	(11,422,873)	(9,398,341)
Amounts written-off as uncollectable	-	(917,092)
Total Receipts for Property Rates	**4,486,685**	**5,657,910**

Property Rates are levied on the value of land and improvements, which valuation is performed every four years. The last valuation came into effect on 1 July 2014.

Interim valuations are processed on a continuous basis to take into account changes in individual property values due to alterations and subdivisions.

An general rate is applied as follows to property valuations to determine property rates:

Tariff Type Category	Tariff (c/R)	% Rebate
MUNICIPAL	0.009282228	100.00%
RESIDENTIAL PROPERTY	0.009282228	R15,000
RESIDENTIAL PROPERTY MIXED USED	0.01448302	
VACANT LAND	0.01931176	
BUSINESS	0.00203092	
FARMS	0.001086316	65.00%
GOVERNMENT	0.026658357	
CHURCHES	0.004611753	100.00%
SPORT	0.00101546	

Rates are levied monthly on property owners and are payable the end of each month. Interest is levied at a rate determined by council on outstanding rates amounts.

22 FINES

	2015	2014
Court Fines	4,000	12,053
Other Fines	1,433	2,390
Total Fines	**5,433**	**14,443**

Fines have been restated to correctly disclose the revenue for Court Fines in terms of the prescriptions of IGRAP 1, previously not accrued for. Refer to Note 48.2 on "Correction of Error" for details of the

23 INCOME FROM AGENCY SERVICES

	2015	2014
Traffic Services	1,267,304	1,226,344
Other Agency Income – Water and Sewerage	539,948	1,942,275
Total Income from Agency Services	**1,807,252**	**3,168,619**

	2015 R	2014 R
24 GOVERNMENT GRANTS AND SUBSIDIES		
National Equitable Share	23,028,048	25,608,003
Other Subsidies	-	172,938
Operational Grants	23,028,048	25,780,941
Conditional Grants	17,043,153	17,744,187
National: EPWP	1,000,000	987,968
National: FMG	1,785,997	1,650,000
National: MIG	10,976,000	11,906,591
National: MSIG	701,550	890,535
Provincial: Department of Economic Development	1,364,047	662,465
Provincial: Department of Local Government	68,559	499,628
Provincial: Department Sport and Agriculture	1,147,000	1,147,000
Total Government Grants and Subsidies	**40,071,201**	**43,525,128**

24.1 Calculation of Cash Flow:

	2015 R	2014 R
Government Grants and Subsidies Income	40,071,201	43,525,128
Opening Balance of Unspent Government Grants	(3,630,573)	(6,656,758)
Closing Balance of Unspent Government Grants	524,371	3,630,573
Total Receipts for Government Grants and Subsidies	**36,964,999**	**40,498,943**

Operational Grants:

	2015 R	2014 R
24.2 National: Equitable Share	**23,028,048**	**25,608,003**

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents receive a monthly subsidy up to R229 (2014: R213), based on the monthly billing, towards the consumer account, which subsidy is determined annually by council. All residential households receive 6 kl water and 50 kWh electricity (indigents only) free every month. No funds have been withheld.

Conditional Grants:

24.3 National: EPWP Grant

	2015 R	2014 R
Balance unspent at beginning of year	12,032	-
Current year receipts	1,000,000	1,000,000
Conditions met - transferred to Revenue: Operating Expenses	(1,000,000)	(987,968)
Other Adjustments/Refunds	(12,032)	-
Conditions still to be met - transferred to Liabilities (see Note 15)	**-**	**12,032**

The Expanded Public Works Programme Grant was allocated to the municipality for environmental and water infrastructure projects.

24.4 National: FMG Grant

	2015 R	2014 R
Balance unspent at beginning of year	-	-
Current year receipts	1,800,000	1,650,000
Conditions met - transferred to Revenue: Operating Expenses	(1,785,997)	(1,650,000)
Conditions still to be met - transferred to Liabilities (see Note 15)	**14,003**	**-**

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial management reforms required by the Municipal Finance Management Act (MFMA), 2003. No funds have been withheld.

24.5 National: MIG Funds

	2015 R	2014 R
Balance unspent at beginning of year	2,010,206	5,885,797
Current year receipts	10,976,000	11,434,000
Conditions met - transferred to Revenue: Capital Expenses	(10,976,000)	(11,906,591)
Other Adjustments/Refunds	(2,010,206)	(3,403,000)
Conditions still to be met - transferred to Liabilities (see Note 15)	**-**	**2,010,206**

The Municipal Infrastructure Grant (MIG) was allocated for the construction of roads, basic sewerage and water infrastructure as part of the upgrading of poor households, micro enterprises and social institutions; to provide for new, rehabilitation and upgrading of municipal infrastructure. The allocation has been reduced by R0 (2014: R3 403 000) due to non-spending of funds by the municipality.

24.6 National: MSIG Funds

	2015 R	2014 R
Balance unspent at beginning of year	7,133	7,668
Current year receipts	926,332	890,000
Conditions met - transferred to Revenue: Operating Expenses	(701,550)	(890,535)
Other Adjustments/Refunds	-	-
Conditions still to be met - transferred to Liabilities (see Note 15)	**231,915**	**7,133**

The Municipal Systems Improvement Grant is allocated to municipalities to assist in building in-house capacity to perform their functions and to improve and stabilise municipal systems. No funds have been withheld.

24.7 National: Department Energy

	2015 R	2014 R
Balance unspent at beginning of year	502,142	502,142
Other Adjustments/Refunds	(502,142)	-
Conditions still to be met - transferred to Liabilities (see Note 15)	**-**	**502,142**

Expenses were incurred to promote rural development and upgrade electricity infrastructure. No funds have been withheld.

24.8 Provincial: Department Economic Development (DEDEA)

	2015 R	2014 R
Balance unspent at beginning of year	837,535	-
Current year receipts	500,000	1,500,000
Conditions met - transferred to Revenue: Operating Expenses	(1,364,047)	(662,465)
Conditions still to be met - transferred to Liabilities (see Note 15)	**(26,512)**	**837,535**

This Economic Development grant was received during the last quarter of the 2014 Financial Period. The expenditure and grant conditions are expected to only be realised during the 2015 Financial Period, as agreed upon with the grant provider. No funds have been withheld.

24.9 Provincial: Department of Local Government

	2015 R	2014 R
Balance unspent at beginning of year	67,552	67,180
Current year receipts	112,000	500,000
Conditions met - transferred to Revenue: Operating Expenses	(68,559)	(499,628)
Conditions still to be met - transferred to Liabilities (see Note 15)	**110,993**	**67,552**

No funds have been withheld.

24.10 Provincial: Department Sport and Culture

	2015 R	2014 R
Balance unspent at beginning of year	-	-
Current year receipts	1,147,000	1,147,000
Conditions met - transferred to Revenue: Operating Expenses	(1,147,000)	(1,147,000)
Conditions still to be met - transferred to Liabilities (see Note 15)	**-**	**-**

This grant was received for the building and maintenance of libraries in the district. No funds have been withheld.

24.11 Provincial: JL De Bruin Dam

	2015 R	2014 R
Balance unspent at beginning of year	193,973	193,973
Current year receipts	-	-
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	-	-
Conditions met - transferred to Revenue: VAT Portion Realised	-	-
Other Adjustments/Refunds	-	-
Conditions still to be met - transferred to Liabilities (see Note 15)	**193,973**	**193,973**

24.12 Changes in levels of Government Grants

Based on the allocations set out in the Division of Revenue Act, (Act No 2 of 2015), government grant funding is expected to increase over the forthcoming three financial years.

	2015 R	2014 R
25 SERVICE CHARGES		
Sale of Electricity	16,121,975	11,370,692
Refuse Removal	7,057,059	11,864,062
Other Service Charges	(3,047)	88
Total Service Charges	**23,175,987**	**23,234,842**
25.1 Calculation of Cash Flow:		
Service Charges Income	23,175,987	23,234,842
Opening Balance of Debtors: Service Charges	33,183,658	35,853,210
Closing Balance of Debtors: Service Charges	(43,607,293)	(33,183,658)
Amounts written-off as uncollectable	-	(3,905,173)
Total Receipts for Service Charges	**12,752,352**	**21,999,221**

The amounts disclosed above for revenue from Service Charges are in respect of services rendered which are billed to the consumers on a monthly basis according to approved tariffs.

	2015 R	2014 R
26 RENTAL OF FACILITIES AND EQUIPMENT		
Rental Revenue from Buildings	27,938	65,133
Rental Revenue from Halls	40,328	54,987
Rental Revenue from Other Facilities	54,700	68,177
Total Rental of Facilities and Equipment	**122,966**	**188,297**

Rental revenue earned on Facilities and Equipment is in respect of Non-financial Assets rented out.

	2015 R	2014 R
27 INTEREST EARNED		
Property Rates:		
Interest / Penalties Raised	-	34,986
	-	**34,986**
External Investments:		
Bank Account	8,568	18,676
Investments	150,939	163,254
	159,507	**181,930**
Outstanding Debtors:		
Outstanding Billing Debtors	7,243,571	2,619,579
	7,243,571	**2,619,579**
Total Interest Earned	**7,403,078**	**2,836,495**
27.1 Calculation of Cash Flow:		
External Interest Income	159,507	181,930
Total Receipts for Interest Received	**159,507**	**181,930**

Interest Earned on Financial Assets, analysed by category of asset, is as follows:

	2015 R	2014 R
Available-for-Sale Financial Assets	159,507	181,930
Held-to-Maturity Investments	-	-
Loans and Receivables	7,243,571	2,654,565
	7,403,078	**2,836,495**

		2015 R	2014 R

28 OTHER REVENUE

	2015 R	2014 R
Admin Fees	5,250	15,281
Building Plan Fees	5,361	4,959
Cemetery Fees	42,419	33,773
Certificates	27,658	26,923
Photocopies	20,826	7,288
Sales: Stands	3,772	-
Stationary	-	71,621
Sundries	277,785	2,447,863
Sundry Rentals	5,755	1,649
Total Other Revenue	**388,826**	**2,609,357**

28.1 Calculation of Cash Flow:

		2015 R	2014 R
Income from Other Revenue	Note 28	388,826	2,609,357
Gain on Biological Assets	Note10	9,300	-
Income from Interest on Outstanding Debtors	Note 27	7,243,571	2,619,579
Income from Interest and Penalties on Property Rates	Note 27	-	34,986
Income from Rental of Facilities and Equipment	Note 26	122,966	188,297
Income from Agency Services	Note 23	1,807,252	3,168,619
Income from Fines	Note 22	5,433	14,443
Opening Balance of Debtors: Non-exchange Transactions	Note 3	25,127,483	23,280,250
Opening Balance of Debtors: Assessment Rates	Note 3	(9,398,341)	(8,335,903)
Closing Balance of Debtors: Non-exchange Transactions	Note 3	(28,996,838)	(25,127,483)
Closing Balance of Debtors: Assessment Rates	Note 3	11,422,873	9,398,341
Opening Balance of VAT Receivable	Note 4	2,577,682	1,139,149
Closing Balance of VAT Receivable	Note 4	-	(2,577,682)
Opening Balance of Consumer Deposits	Note 11	(60,241)	(128,380)
Closing Balance of Consumer Deposits	Note 11	112,921	60,241
Total Receipts for Other Revenue		**10,362,887**	**6,343,814**

The amounts disclosed above for Other Revenue are in respect of services, other than described in Notes 21 to 27, rendered which are billed to or paid for by the users as the services are required according to approved tariffs.

29 EMPLOYEE RELATED COSTS

	2015 R	2014 R
Employee Related Costs - Salaries and Wages	24,030,830	22,255,940
Employee Related Costs - Contributions for UIF, Pensions and Medical Aids	5,752,544	5,555,697
Travel, Motor Car, Accommodation, Subsistence and Other Allowances	996,181	1,184,474
Housing Benefits and Allowances	42,830	37,504
Overtime Payments	382,725	168,361
Performance Bonuses	-	639,917
Defined Benefit Plan Expense:	(757,088)	(430,000)
Net Actuarial (gains)/losses recognised	(757,088)	(430,000)
Total Employee Related Costs	**30,448,022**	**29,411,893**

29.1 Calculation of Cash Flow:

	2015 R	2014 R
Employee Related Costs Expenditure	30,448,022	29,411,893
Opening Balance of Employee Benefit Liabilities	14,348,000	14,684,000
Closing Balance of Employee Benefit Liabilities	(13,515,017)	(14,348,000)
Opening Balance of Provision for Performance Bonuses	-	-
Closing Balance of Provision for Performance Bonuses	-	-
Opening Balance of Provision for Long-term Service	255,000	383,000
Closing Balance of Provision for Long-term Service	(314,311)	(255,000)
Opening Balance of Post-retirement Benefits	321,000	287,000
Closing Balance of Post-retirement Benefits	(337,584)	(321,000)
Total Payments for Employee Related Costs	**31,205,110**	**29,841,893**

	2015 R	2014 R
No advances were made to employees.		
Remuneration of Section 57 Employees:		
Remuneration of the Municipal Manager: - TA Mawonga		
Annual Remuneration	836,116	824,364
Back pay 2013	25,524	19,284
Car and Other Allowances	322,425	287,285
Company Contributions to UIF, Medical and Pension Funds	63,319	50,055
Total	**1,247,385**	**1,180,988**
Remuneration of the Chief Financial Officer - ML Mosala		
Acting Allowance (S Mcingane)	18,003	-
Annual Remuneration	217,115	636,982
Back pay 2013	27,865	17,643
Car and Other Allowances	6,000	18,000
Company Contributions to UIF, Medical and Pension Funds	156,517	87,334
Bonus	44,644	52,003
Total	**470,143**	**811,961**

The post was vacant from 1 November 2014. An Acting Allowance was paid for the period to S Mcingane.

	2015 R	2014 R
Remuneration of the Corporate Services (Corporate resources) Director: MN Pietersen		
Annual Remuneration	-	109,200
Car and Other Allowances	-	25,138
Bonus	-	7,000
Company Contributions to UIF, Medical and Pension Funds	-	-
Total	**-**	**141,338**

The post was vacant from 01 December 2013. A acting manager, W Nodwele, was appointed until 28/08/2014 after which S Sontashe was acting in the position.

	2015 R	2014 R
Remuneration of the Acting Manager: Corporate Services		
Acting allowance (W Nodwele)		88,157
Acting Allowance (S Sontashe)	20,972	
Total	**20,972**	**88,157**

The post was vacant from 01 December 2013. A acting manager, W Nodwele, was appointed until 28/08/2014 after which S Sontashe was acting in the position.

	2015 R	2014 R
Remuneration of the Director: Community Services - L Nyezi		
Acting Allowance (N M Raisa)	29,495	
Annual Remuneration		385,982
Back pay 2013		20,970
Leave Gratuity		62,143
Car and Other Allowances		197,115
Bonus		38,060
Company Contributions to UIF, Medical and Pension Funds		65,416
Total	**29,495**	**769,685**

The post was vacant from 01 September 2014. A acting manager, N m Raisa, was appointed and paid an acting allowance.

	2015 R	2014 R
Remuneration of the Director: Technical Services - L Majikijela		
Acting Allowance (L Majikijela)		24,708
Pro-Rata Remuneration	280,841	-
Car and Other Allowances	67,600	-
Company Contributions to UIF, Medical and Pension Funds	13,459	-
Total	**361,900**	**24,708**

A acting manager, L Majikijela, was appointed for the period 01 March 2013 to 31 October 2013. Mr Zongene was appointed from 01 December 2014.

30 REMUNERATION OF COUNCILLORS

	2015 R	2014 R
Councillors	2,470,320	2,407,779
Company Contributions to UIF, Medical and Pension Funds	-	39,668
Other Allowances (Cellular Phones, Housing, Transport, etc)	506,075	405,832
Total Councillors' Remuneration	**2,976,395**	**2,853,279**

	2015 R	2014 R
31 DEPRECIATION AND AMORTISATION		
Depreciation: Property, Plant and Equipment	16,382,001	16,463,060
Amortisation: Intangible Assets	206,877	206,877
Depreciation: Investment Property	45,312	45,312
Total Depreciation and Amortisation	**16,634,190**	**16,715,249**
	1.00	
32 IMPAIRMENT LOSSES		
32.1 Impairment Losses on Fixed Assets		
Impairment Losses Recognised:	79,190	-
Property, Plant and Equipment	79,190	-
	79,190	**-**
32.2 Impairment Losses on Financial Assets		
Impairment Losses Recognised:	8,335,381	4,267,624
Receivables from Exchange Transactions	7,184,114	597,777
Receivables from Non-exchange Transactions	1,151,267	3,669,847
	8,335,381	**4,267,624**
Total Impairment Losses	**8,414,571**	**4,267,624**
33 REPAIRS AND MAINTENANCE		
Land and Buildings	58,178	4,813
Infrastructure - Road Transport	144,085	378
Community Assets	7,202	3,280
Other Assets	1,223,702	656,402
Total Repairs and Maintenance	**1,433,167**	**664,873**
34 FINANCE COSTS		
Creditors Overdue	4,655,015	3,963,238
Finance Leases	261,319	-
Landfill Provision	451,429	429,769
Loans and Payables at amortised cost	68,962	478,495
Total Interest Paid on External Borrowings	**5,436,725**	**4,871,502**
34.1 Calculation of Cash Flow:		
Finance Cost Expenditure	5,436,725	4,871,502
Total Payments for Finance Costs	**5,436,725**	**4,871,502**
35 BULK PURCHASES		
Electricity	15,655,415	15,164,893
Total Bulk Purchases	**15,655,415**	**15,164,893**

Bulk Purchase are the cost of commodities not generated by the municipality, which the municipality distributes in the municipal area for resale to the consumers. Electricity is purchased from Eskom.

		2015 R	2014 R

36 CONTRACTED SERVICES

	2015 R	2014 R
Insurance	460,764	434,001
Office Equipment And Services	1,082,492	991,250
Other Contracted Services	3,916,883	8,697,398
Professional Fees	-	59,971
Telephone Fees	1,244,372	1,154,829
Total Contracted Services	**6,704,511**	**11,337,449**

36.1 Calculation of Cash Flow:

		2015 R	2014 R
Expenditure for Contracted Services	Note 36	6,704,511	11,337,449
Expenditure for Bulk Purchases	Note 35	15,655,415	15,164,893
Expenditure for Repairs and Maintenance	Note 33	1,433,167	664,873
Opening Balance of Payables: Exchange Transactions	Note 13	44,886,578	30,832,497
Closing Balance of Payables: Exchange Transactions	Note 13	(63,898,557)	(44,886,578)
Opening Balance of Inventories	Note 1	(99,195)	(216,125)
Closing Balance of Inventories	Note 1	118,402	99,195
Total for Suppliers Paid		**4,698,131**	**12,996,204**

37 GRANTS AND SUBSIDIES PAID

	2015 R	2014 R
Free Basic Services	5,151	-
Other Grants and Subsidies Paid	2,419,102	353,884
Total Grants and Subsidies	**2,424,253**	**353,884**

Free Basic Services are in respect of assistance to and providing basic service levels to indigent households.

Other Grants and Subsidies mostly relate to the EPWP Beautification of the Town, and Dedea Greenest Town Awards.

38 GENERAL EXPENSES

Included in General Expenses are the following:

	2015 R	2014 R
ABSA Fleet Chargers	23,674	20,797
Accomodation	627,203	746,750
Advertising	128,734	204,590
Audit Committee Sittings	121,558	240,261
Audit Fees	2,185,526	3,456,248
Bank Charges	227,812	204,495
Cleaning Material	284,298	278,578
Fuel & Oil	1,073,076	1,035,171
Inventory Losses	-	165,468
Legal Charges	146,085	701,437
Mayoral Cup Tournament	70,500	77,567
Personel Training	103,371	171,903
Postage	1,852	5,673
Pre - Paid Commission	75,312	80,281
Printing	674,114	196,036
Refreshments	76,594	52,873
SARS Levy	4,650,000	500,000
Security Services	657,422	383,147
Stationary	190,973	223,509
Street Names & Signage	-	49,800
Subscription Fees	195,240	26,740
Subsistance & Travelling	952,217	1,311,600
Sundry Expenses	123,037	591,601
Transfer of Plots	23,026	27,732
Transport & Flights	404,127	339,339
Venterstad Houses 360	-	77,612
Ward Committees	70,797	31,648
Inter-Departmental Transfers	555,211	1,775,653
Total General Expenses	**13,641,759**	**12,976,509**

		2015 R	2014 R
38.1 Calculation of Cash Flow:			
Expenditure for General Expenses	Note 38	13,641,759	12,976,509
Expenditure for Grants and Subsidies Paid	Note 37	2,424,253	353,884
Opening Balance of Payables: Non-exchange Transactions	Note 14	26,868,410	23,390,226
Closing Balance of Payables: Non-exchange Transactions	Note 14	(33,487,166)	(26,868,410)
Other Non-Cash Movement	Note 42	-	(978,242)
Opening Balance of Non-current Provisions	Note 19	8,956,931	8,527,162
Closing Balance of Non-current Provisions	Note 19	(9,408,360)	(8,956,931)
Total for Other Payments		**8,995,827**	**8,444,198**
		(9,287.22)	

The amounts disclosed above for Other General Expenses are in respect of costs incurred in the general management of the municipality and not direct attributable to a specific service or class of expense. Inter-departmental Charges are charged to other trading and economic services for support services rendered.

No other extra-ordinary expenses were incurred.

39 GAINS AND LOSSES ON OTHER OPERATIONS

	2015 R	2014 R
Change in Fair Value of Biological Assets	9,300	-
Net Other Gains and Losses	**9,300**	**-**

40 CHANGE IN ACCOUNTING POLICY

The municipality adopted the following Accounting Standards for the first time during the financial year 2014/15 in order to comply with the basis of preparation of the Annual Financial Statements as disclosed in Accounting Policy 1:

- GRAP 103 Heritage Assets

40.1 GRAP 103 - Heritage Assets

The municipality elected to prepare its Accounting Policies for *Heritage Assets* in terms of GRAP 103 for the financial year 2011/12. The full net assets have been recognised retrospectively in the Annual Financial Statements.

The Accounting Standard for *Heritage Assets* has been recognised in the Annual Financial Statements of the municipality as at 30 June 2013 in terms of GRAP 103.

The municipality has previously developed Accounting Policies to fully comply with GRAP 103 (*Heritage Assets*) and Heritage Assets have accordingly been recognised retrospectively in the Annual Financial Statements.

The municipality previously utilised the transitional provisions under Directive 4, which allows 3 years for the measurement of Heritage Assets.

The comparative amounts have been restated.

The effect of the Change in Accounting Policy is as follows:

	Heritage Assets
Balances published as at 30 June 2013	**213,000**
Increase in Heritage Assets due to measurement	10,828,248
Restated Balances as at 30 June 2013	**11,041,248**

	2015	2014
	R	R

41 CORRECTION OF ERROR

Corrections were made during the previous financial years. Details of the corrections are described below:

41.1 Reclassification of Revenue

The prior year figures of Revenue Classes have been restated to correctly classify the nature of Revenue of the municipality.

The effect of the Correction of Error is as follows:

	Prior Year 2013/14 Revenue	Current Year 2013/14 Revenue	Restated Amount
Property Rates	7,637,440	7,637,440	-
Property Rates - Penalties imposed and collection charges	34,986	34,986	-
Fines	14,443	14,443	-
Licences and Permits	-	-	-
Income for Agency Services	3,168,619	3,168,619	-
Government Grants and Subsidies Received	43,525,128	43,525,128	-
Public Contributions and Donations	-	-	-
Service Charges	23,234,842	23,234,842	-
Rental of Facilities and Equipment	184,862	188,297	(3,435)
Interest Earned - External Investments	181,930	181,930	-
Interest Earned - Outstanding Debtors	2,619,579	2,619,579	-
Other Income	426,952	2,609,357	(2,182,405)
Other Gains on Continued Operations	42,463	-	42,463
Profit on Sale of Land	-	-	-
	81,071,244	**83,214,621**	**(2,143,377)**

Prior year amounts of items in **Revenue** included in the Statement of Financial Performance have been restated as indicated below:

	Rental of Facilities	Other Income	Other Gains on Cont. Operations
Balance previously reported	**184,862**	**426,952**	**42,463**
Unallocated Deposits corrected and Rental Revenue identified	3,435		
Credit Notes / Discount of Creditors identified and corrected		2,182,405	
Reversal of Fair Value Adjustment due to Newly Implemented Asset Register			(42,463)
Restated Balance now reported	**188,297**	**2,609,357**	**-**

41.2 Reclassification of Expenditure

The prior year figures of Expenditure Classes have been restated to correctly classify the nature of Expenditure of the municipality.

The effect of the Correction of Error is as follows:

	Prior Year 2013/14 Expenditure	Current Year 2013/14 Expenditure	Restated Amount
Employee Related Costs	29,604,990	29,411,893	193,097
Remuneration of Councillors	2,853,279	2,853,279	-
Collection Costs	-	-	-
Depreciation and Amortisation	19,967,130	16,715,249	3,251,881
Impairment Losses	4,267,624	4,267,624	-
Repairs and Maintenance	1,104,571	664,873	439,698
Finance Costs	4,595,244	4,871,502	(276,258)
Bulk Purchases	18,389,777	15,164,893	3,224,884
Contracted Services	11,152,469	11,337,449	(184,980)
Grants and Subsidies Paid	1,101,377	353,884	747,493
General Expenses	12,976,838	12,976,509	329
Loss on Disposal of Property, Plant and Equipment	-	-	-
Surplus / (Deficit) for the Year	(24,942,059)	(15,402,534)	(9,539,525)
	81,071,240	**83,214,621**	**(2,143,381)**

	2015 R	2014 R

Prior year amounts of items in **Expenditure** included in the Statement of Financial Performance have been restated as indicated below:

	Employee Costs	Depreciation & Amortisation
Balance previously reported	**29,604,990**	**19,967,130**
Allocation of Unallocated Receipts	(6,492)	
Reversal of 2014 Provision for Performance Bonus	(186,607)	
Newly Implmented, Grap Compliant Asset Register		(3,251,881)
Restated Balance now reported	**29,411,892**	**16,715,249**

	Repairs & Maintenance	Finance Costs	Bulk Purchases
Balance previously reported	**1,104,571**	**4,595,244**	**18,389,777**
Affect of Incorrect posting of Unallocated Receipts, corrected	(439,698)		
Correction of Landfill Site Finance Cost		425,012	
Creditor Invoice Corrections		(148,755)	276,258
Eskom Creditors Invoice Corrections			(3,224,884)
Restated Balance now reported	**664,873**	**4,871,501**	**15,441,151**

	Contracted Services	Grants & Subsidies Paid	General Expenses
Balance previously reported	**11,152,469**	**1,101,377**	**12,976,838**
Creditor Invoice Corrections	184,980		
Creditor Invoice Corrections		(745,992)	
Affect of Incorrect posting of Unallocated Receipts, corrected		(1,500)	
Creditor Invoice Corrections			(1,397)
Affect of Incorrect posting of Unallocated Receipts, corrected			1,065
Restated Balance now reported	**11,337,449**	**353,885**	**12,976,506**

41.3 Reclassification of Statement of Financial Position

The prior year figures of Classes in the Statement of Financial Position have been restated to correctly classify the nature of Assets, Liabilities and Net Assets of the municipality.

The effect of the Correction of Error is as follows:

	Prior Year 2013/14 Balance	Current Year 2013/14 Balance	Restated Amount
Current Assets			
Inventories	102,722	99,195	3,527
Receivables from Exchange Transactions	8,123,120	7,590,702	532,418
Receivables from Non-exchange Transactions	17,022,367	16,493,717	528,650
VAT Receivable	2,594,844	2,577,682	17,162
Cash and Cash Equivalents	1,349,728	1,349,728	-
Non-Current Assets			
Property, Plant and Equipment	298,188,305	318,531,650	(20,343,345)
Intangible Assets	577,613	620,063	(42,450)
Investment Property	15,810,020	14,276,504	1,533,516
Heritage Assets	213,000	11,041,248	(10,828,248)
Biological Assets	244,775	244,775	-
Current Liabilities			
Consumer Deposits	(60,241)	(60,241)	-
Provisions	(762,607)	(576,000)	(186,607)
Payables from Exchange Transactions	(51,008,558)	(44,886,578)	(6,121,980)
Payables from Non-exchange Transactions	(29,075,729)	(26,868,410)	(2,207,319)
Unspent Conditional Grants and Receipts	(3,630,573)	(3,630,573)	-
Current Portion of Long-term Liabilities	(1,834,073)	(1,834,073)	-
Non-Current Liabilities			
Long-term Liabilities	(3,300,110)	(3,300,110)	-
Retirement Benefit Liabilities	(14,348,000)	(14,348,000)	-
Non-current Provisions	(1,177,220)	(8,956,931)	7,779,711
Net Assets			
Accumulated Surplus / (Deficit)	(239,029,383)	(268,364,346)	29,334,963
	-	**2**	**(2)**

	2015	2014
	R	R

Opening balances and prior year amounts of items in the Statement of Financial Position have been restated as indicated below:

	Receivables: Exchange	Receivables: Non-exchange
Balances previously published per AFS as at 30 June 2013	**7,422,885**	**18,642,185**
Unallocated Receipts Corrected/Allocated	(470,028)	
Unallocated Receipts Corrected/Allocated		(184,805)
Balances now published per AFS as at 30 June 2013	**6,952,857**	**18,457,380**
Transactions incurred for the Year 2013/14	700,235	(1,619,818)
Unallocated Receipts Corrected/Allocated	(62,390)	
Unallocated Receipts Corrected/Allocated		(343,845)
Balances now published per AFS as at 30 June 2014	**7,590,702**	**16,493,717**

	Inventories	VAT Receivable
Balances previously published per AFS as at 30 June 2013	**216,125**	**1,163,085**
VAT Effect of Allocation/Correction of Unallocated Deposit		(23,936)
Balances now published per AFS as at 30 June 2013	**216,125**	**1,139,149**
Transactions incurred for the Year 2013/14	(113,403)	1,431,759
Creditor Invoice Corrections	(3,527)	
Correction of VAT on Asset Addition		6,774
Balances now published per AFS as at 30 June 2014	**99,195**	**2,577,682**

	Property, Plant & Equipment	Intangible Assets
Balances previously published per AFS as at 30 June 2013	**305,457,122**	**836,032**
Increase due to new Grap Compliant Asset Register	17,040,616	
Decrease due to new Grap Compliant Asset Register		(9,092)
Balances now published per AFS as at 30 June 2013	**322,497,738**	**826,940**
Transactions incurred for the Year 2013/14	(7,268,817)	(258,419)
Decrease in Depreciation Expense due to New Asset Register	3,200,398	
Correction on Cost Movement due to New Asset Register	102,331	
Decrease in Amortisation Expense due to New Asset Register		51,542
Balances now published per AFS as at 30 June 2014	**318,531,650**	**620,063**

	Investment Property	Heritage Assets
Balances previously published per AFS as at 30 June 2013	**15,860,801**	**213,000**
Decrease due to new Grap Compliant Asset Register	(1,538,985)	
Effect of Change in Accounting Policy. See Note 40		10,828,248
Balances now published per AFS as at 30 June 2013	**14,321,816**	**11,041,248**
Prior period Impairment Reversed as per New Asset Register	(45,312)	-
Balances now published per AFS as at 30 June 2014	**14,276,504**	**11,041,248**

	Consumer Deposits	Provisions	Payables: Exchange	Unspent Grants
Balances previously published per AFS as at 30 June 2013	**(128,381)**	**(670,000)**	**(30,832,497)**	**(6,656,760)**
No Adjustments				
Balances now published per AFS as at 30 June 2013	**(128,381)**	**(670,000)**	**(30,832,497)**	**(6,656,760)**
Transactions incurred for the Year 2013/14	68,140	(92,607)	(20,176,061)	3,026,187
Adjustment of 2014 AFS to Venus Ledger		186,607		
Reclassify Suspense Accounts with credit balances			6,121,980	
Reclassify Provision for Long-service Awards				
Balances now published per AFS as at 30 June 2014	**(60,241)**	**(576,000)**	**(44,886,578)**	**(3,630,573)**

	Payables: Non-exchange	Retirement Benefits	Non-current Provisions
Balances previously published per AFS as at 30 June 2013	**(24,898,342)**	**(14,684,000)**	**(1,172,463)**
Creditor Invoice Corrections	1,508,116.26		
Correction of Provision for Rehabilitaion of Landfill			- 7,354,699.00
Balances now published per AFS as at 30 June 2013	**(23,390,226)**	**(14,684,000)**	**(8,527,162)**
Transactions incurred for the Year 2013/14	(4,177,388)	336,000	(4,757)
Creditor Invoice Corrections	699,204		-
Correction of Provision for Rehabilitaion of Landfill			(425,012)
Balances now published per AFS as at 30 June 2014	**(26,868,410)**	**(14,348,000)**	**(8,956,931)**

42 CASH GENERATED BY OPERATIONS

	2015 R	2014 R
Surplus / (Deficit) for the Year	(24,397,360)	(15,402,534)
Adjustment for:		
Depreciation and Amortisation	16,634,189	16,715,249
Impairment Losses on Property, Plant and Equipment	79,190	-
Increase/Decrease of Biological Assets	114,325	(79,900)
Contribution to Post-retirement Health Care Benefits	(1,051,914)	486,000
Contribution to Long Service Awards Liability	294,826	(916,000)
Contribution to Provisions - Non-current	451,429	429,769
Contribution to Impairment Provision	8,335,381	5,325,766
Bad Debts Written-off	-	(4,822,265)
Operating surplus before working capital changes	**460,066**	**1,736,085**
Decrease/(Increase) in Inventories	(19,207)	116,930
Decrease/(Increase) in Receivables from Exchange Transactions	(10,423,635)	2,669,552
Decrease/(Increase) in Receivables from Non-exchange Transactions	(3,869,355)	(1,847,233)
Decrease/(Increase) in VAT Receivable	2,577,682	(1,438,533)
Increase/(Decrease) in Other Non-Cash Movements	1	4
Increase/(Decrease) in Consumer Deposits	52,680	(68,139)
Increase/(Decrease) in Payables from Exchange Transactions	19,011,979	14,054,081
Increase/(Decrease) in Payables from Non-exchange Transactions	6,618,756	3,478,184
Increase/(Decrease) in Conditional Grants and Receipts	(3,106,202)	(3,026,185)
Increase/(Decrease) in VAT Payable	102,190	-
Cash generated by / (utilised in) Operations	**11,404,955**	**15,674,746**

43 NON-CASH INVESTING AND FINANCING TRANSACTIONS

The municipality did not enter into any Non-cash Investing and Financing Transactions during the 2014/15 financial year.

44 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

44.1 Unauthorised Expenditure

	2015 R	2014 R
Reconciliation of Unauthorised Expenditure:		
Opening balance	31,301,862	28,621,175
Unauthorised Expenditure current year	7,581,511	2,680,687
Approved by Council or condoned	-	-
To be recovered – contingent asset (see Note 60)	-	-
Transfer to receivables for recovery (see Note 5)	-	-
Unauthorised Expenditure awaiting authorisation	**38,883,373**	**31,301,862**

Incident	Disciplinary Steps / Criminal Proceedings
Budgeted votes exceeded:-	
- Budget and Treasury Office - R1,067,383 (2014: R0)	*To be condoned by Council*
- Sport and Recreation - R1,010,051 (2014: R0)	*To be condoned by Council*
- Health - R451,429 (2014: R429,769)	*To be condoned by Council*
- Roads and Transport - R5,052,647 (2014: R2,250,918)	*To be condoned by Council*

	2015 R	2014 R

44.2 Fruitless and Wasteful Expenditure

	2015	2014
Reconciliation of Fruitless and Wasteful expenditure:		
Opening balance	11,326,080	5,802,227
Fruitless and Wasteful Expenditure current year	5,270,838	5,523,853
Condoned or written off by Council	-	-
To be recovered – contingent asset (see Note 60)	-	-
Transfer to receivables for recovery (see Note 5)	-	-
Fruitless and Wasteful Expenditure awaiting condonement	**16,596,918**	**11,326,080**

44.3 Irregular Expenditure

	2015	2014
Reconciliation of Irregular Expenditure:		
Opening balance	31,597,554	16,395,615
Irregular Expenditure current year	2,163,834	15,201,939
Condoned or written off by Council	-	-
To be recovered – contingent asset (see Note 60)	-	-
Transfer to receivables for recovery (see Note 5)	-	-
Irregular Expenditure awaiting condonement	**33,761,389**	**31,597,554**

For the year ending 30 June 2015

Incident	Amount	Disciplinary Steps / Criminal Proceedings
Not Advertised (Photocopier Machines)	*1,923,010.77*	*No steps taken*
Construction supplier not registered with CIDB (Thembisa Bus Route)	*148,080.27*	*No steps taken*
Other Non-Compliance (Eskom)	*92,743.34*	*No steps taken*

For the year ending 30 June 2014

Incident	Amount	Disciplinary Steps / Criminal Proceedings
Not Advertised	*10,251,040.07*	*No steps taken*
Construction supplier not registered with CIDB	*1,939,647.95*	*No steps taken*
Procurement contract price exceeded	*812,312.00*	*No steps taken*
No insurance indemnity	*797,421.74*	*No steps taken*
Prior year appointment	*500,000.00*	*No steps taken*
Urgency revenue collection	*532,700.00*	*No steps taken*
Declaration of interest not submitted	*181,225.00*	*No steps taken*
No 3 Quotations obtained	*75,566.00*	*No steps taken*
Supplier with highest score not awarded tender	*67,032.00*	*No steps taken*
Supplier not listed on supplier database	*27,830.58*	*No steps taken*
Other Non-Compliance	*17,163.85*	*No steps taken*

45 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

45.1 Audit Fees

	2015	2014
Opening Balance	4,440,449	3,900,469
Current year Audit Fee	2,654,286	3,940,123
Interest on outstanding balance		99,857
Amount Paid - current year	(2,032,898)	-
Amount Paid - previous years		(3,500,000)
Balance Unpaid (included in Creditors)	**5,061,837**	**4,440,449**

45.2 VAT

The net of VAT input payables and VAT output receivables are shown in Note 4.

45.3 PAYE, Skills Development Levy and UIF

	2015	2014
Opening Balance	-	-
Current year Payroll Deductions	3,493,185	3,828,034
Amount Paid - current year	(3,493,185)	(3,828,034)
Amount Paid - previous years	-	-
Balance Unpaid (included in Creditors)	**-**	**-**

45.4 Pension and Medical Aid Deductions

	2015	2014
Opening Balance	10,793,892	8,238,409
Current year Payroll Deductions and Council Contributions	8,028,725	7,608,215
Amount Paid - current year	(5,571,779)	(5,052,732)
Amount Paid - previous years	-	-
Balance Unpaid (included in Creditors)	**13,250,838**	**10,793,892**

45.5 Councillor's arrear Consumer Accounts

The following Councillors had arrear accounts outstanding for more than 90 days as at:

		2015 R	2014 R
30 June 2015	**Total**	**Outstanding up to 90 days**	**Outstanding more than 90 days**
Councillor Kweyiya	562	562	
Councillor Mnyombolo	538	538	
Councillor Notyeke	1,218	597	621
Councillor Kula	16,375	1,597	14,778
Councillor Mabunu	808	808	
Councillor Ngoqo	708	708	
Councillor Kayster	18,006	1,521	16,485
Councillor Van Zyl	972	972	
Councillor Kolase	3,008	974	2,034
Total Councillor Arrear Consumer Accounts	**42,196**	**8,278**	**33,918**

30 June 2014	**Total**	**Outstanding up to 90 days**	**Outstanding more than 90 days**
Councillor Kweyiya	447	(534)	981
Councillor Mnyombolo	11,304	8,038	3,266
Councillor Notyeke	1,335	241	1,094
Councillor Kula	16,404	14,898	1,506
Councillor Brien	(2,366)	(2,818)	452
Councillor Mabunu	5,265	2,985	2,280
Councillor Ngoqo	7,652	6,391	1,261
Councillor Kayster	18,129	16,555	1,574
Councillor Van Zyl	471	(31)	502
Total Councillor Arrear Consumer Accounts	**58,641**	**45,725**	**12,916**

45.6 Non-Compliance with the Municipal Finance Management Act

No known matters existed at reporting date.

45.7 Deviation from, and ratification of minor breaches of, the Procurement Processes

In terms of section 36(2) of the Municipal Supply Chain Management Regulations approved by the council, any deviation from the Supply Chain Management Policy needs to be approved / condoned by the Municipal Manager, noted by Council and bids where the formal procurement processes could not be followed must be noted in the Annual Financial Statements.

The following deviations from the tender stipulations in terms of the municipality's Supply Chain Management Policy were ratified by the Municipal Manager and reported to Council:

For the year ending 30 June 2015

Department	Date	Successful Tenderer	Reason	Amount
Municipal Manager	*Year 2014/15*	*Various occasions (8)*	*Various reasons like preferred supplier & venue, urgency, etc*	*122,218.10*
8 Occasions during the financial year procuring various services amounting to R122 218.1.				
Council	*Year 2014/15*	*Various occasions (1)*	*Various reasons like preferred supplier & venue, urgency, etc*	*5,180.00*
1 Occasions during the financial year procuring various services amounting to R5 180				
Budget and Treasury Office	*Year 2014/15*	*Various occasions (4)*	*Various reasons like preferred supplier & venue, urgency, etc*	*32,251.56*
4 Occasions during the financial year procuring various services amounting to R32 251.66				
Corporate Services	*Year 2014/15*	*Various occasions (6)*	*Various reasons like preferred supplier & venue, urgency, etc*	*38,535.65*
6 Occasions during the financial year procuring various services amounting to R38 535.65				
Technical Services	*Year 2014/15*	*Various occasions (9)*	*Various reasons like preferred supplier & venue, urgency, etc*	*345,736.56*
9 Occasions during the financial year procuring radio repeater and electrical material amounting to R345 736.56				
Community Services	*Year 2014/15*	*Various occasions (9)*	*Various reasons like preferred supplier & venue, urgency, etc*	*86,875.80*
9 Occasions during the financial year procuring radio repeater and electrical material amounting to R86 875.80				

	2015	2014
	R	R

For the year ending 30 June 2014

Department	Date	Successful Tenderer	Reason	Amount
Budget and Treasury	*Year 2013/14*	*Various occasions (13)*	*Various reasons like preferred supplier & venue, urgency, etc*	*355,902.50*
13 Occasions during the financial year procuring various services amounting to R355 902.50.				
Council	*Year 2013/14*	*Various occasions (9)*	*Various reasons like preferred supplier & venue, urgency, etc*	*137,277.89*
9 Occasions during the financial year procuring various services amounting to R137 277.89.				
Corporate Services	*Year 2013/14*	*Various occasions (3)*	*Various reasons like preferred supplier & venue, urgency, etc*	*66,236.63*
3 Occasions during the financial year procuring various services amounting to R66 236.63.				
Community Services	*Year 2013/14*	*Various occasions (6)*	*Various reasons like preferred supplier & venue, urgency, etc*	*55,166.63*
6 Occasions during the financial year procuring various services amounting to R56 166.63.				
Technical Services	*Year 2013/14*	*Various occasions (5)*	*Various reasons like preferred supplier & venue, urgency, etc*	*30,291.62*
5 Occasions during the financial year procuring radio repeater and electrical material amounting to R30 291.62.				

45.8 Bulk Electricity Losses in terms of Section 125 (2)(d)(i) of the MFMA

Material Electricity Losses were as follows and are not recoverable:

Electricity:

		Actual Lost Units	Average Tariff	Actual Value
30 June 2015	Unaccounted Electricity Losses	11,412,489	0.7987	9,115,775
30 June 2014	Unaccounted Electricity Losses	7,206,117	1.5000	10,809,176

Electricity Losses occur due to *inter alia* , technical and non-technical losses (Technical losses - inherent resistance of conductors, transformers and other electrical equipment; Non-technical losses - the tampering of meters, the incorrect ratios used on bulk meters, faulty meters and illegal electricity connections). The problem with tampered meters and illegal connections is an ongoing process, with regular action being taken against defaulters. Faulty meters are replaced as soon as they are reported.

	2015
	R
Volumes in kWh/year:	
System Input Volume	24,975,138
Billed Consumption	13,562,649
Distribution Loss	11,412,489
Percentage Distribution Loss	45.70%

46 COMMITMENTS FOR EXPENDITURE

46.1 Capital Commitments

	2015	2014
Commitments in respect of Capital Expenditure:		
- Approved and Contracted for:-	**563,328**	**4,474,154**
Infrastructure	563,328	4,474,154
Total Capital Commitments	**563,328**	**4,474,154**
This expenditure will be financed from:		
Government Grants	563,328	4,474,154
	563,328	**4,474,154**

46.2 Lease Commitments

Finance Lease Liabilities are disclosed in Note 17.

47 FINANCIAL INSTRUMENTS

47.1 Classification

FINANCIAL ASSETS:
In accordance with GRAP 104.13 the Financial Assets of the municipality are classified as follows:

Financial Assets	Classification	2015 R	2014 R
Receivables from Exchange Transactions			
Electricity	Amortised cost	3,248,015	2,346,580
Refuse	Amortised cost	5,283,232	3,621,439
Other Receivables	Amortised cost	2,695,131	1,622,683
Receivables from Non-exchange Transactions			
Assessment Rates Debtors	Amortised cost	1,637,840	764,575
Short-term Loans	Amortised cost	-	11,740,460
Sundry Deposits	Amortised cost	12,286,282	9,727,775
Sundry Debtors	Amortised cost	9,727,775	2,012,685
Suspense Accounts	Amortised cost	2,558,507	3,988,682
Fruitless and Wasteful Expenditure	Amortised cost	5,287,683	-
Cash and Cash Equivalents			
Call Deposits	Amortised cost	560,076	900,863
Bank Balances	Amortised cost	242,464	440,465
Cash Floats and Advances	Fair value	8,400	8,400

SUMMARY OF FINANCIAL ASSETS

		2015 R	2014 R
Financial Assets at Amortised Cost:			
Receivables from Exchange Transactions	Electricity	3,248,015	2,346,580
Receivables from Exchange Transactions	Refuse	5,283,232	3,621,439
Receivables from Exchange Transactions	Sewerage	(4,560)	-
Receivables from Exchange Transactions	Water	(391,595)	-
Receivables from Exchange Transactions	Other Debtors	2,695,131	1,622,683
Receivables from Non-exchange Transactions	Assessment Rates Debtors	1,637,840	764,575
Receivables from Non-exchange Transactions	Short-term Loans	-	11,740,460
Receivables from Non-exchange Transactions	Sundry Deposits	12,286,282	9,727,775
Receivables from Non-exchange Transactions	Sundry Debtors	9,727,775	2,012,685
Receivables from Non-exchange Transactions	Suspense Accounts	2,558,507	3,988,682
Receivables from Non-exchange Transactions	Fruitless and Wasteful Expenditure	5,287,683	-
Cash and Cash Equivalents	Call Deposits	560,076	900,863
Cash and Cash Equivalents	Notice Deposits	-	-
Cash and Cash Equivalents	Bank Balances	242,464	440,465
		43,130,850	37,166,207
Financial Assets at Fair Value:			
Cash and Cash Equivalents	Cash Floats and Advances	8,400	8,400
		8,400	8,400
Total Financial Assets		**43,139,250**	**37,174,607**

FINANCIAL LIABILITIES:
In accordance with GRAP 104.13 the Financial Liabilities of the municipality are classified as follows:

Financial Liabilities	Classification	2015 R	2014 R
Long-term Liabilities			
Annuity Loans	Amortised cost	891,105	1,221,761
Finance Lease Liabilities	Amortised cost	434,510	2,078,349
Payables from Exchange Transactions			
Trade Creditors	Amortised cost	63,210,275	44,506,198
Retentions	Amortised cost	688,100	380,198
Other Creditors	Amortised cost	182	182
Payables from Non-exchange Transactions			
Staff Bonuses	Amortised cost	817,926	800,170
Staff Leave Accrued	Amortised cost	2,491,942	1,899,300
Staff Salaries	Amortised cost	29,433,411	23,225,419
Sundry Deposits	Amortised cost	29,215,951	23,007,959
Current Portion of Long-term Liabilities			
Annuity Loans	Amortised cost	342,976	331,213
Finance Lease Liabilities	Amortised cost	1,643,839	1,502,860

SUMMARY OF FINANCIAL LIABILITIES

		2015 R	2014 R
Financial Liabilities at Amortised Cost:			
Long-term Liabilities	Annuity Loans	891,105	1,221,761
Long-term Liabilities	Finance Lease Liabilities	434,510	2,078,349
Payables from Exchange Transactions	Trade Creditors	63,210,275	44,506,198
Payables from Exchange Transactions	Retentions	688,100	380,198
Payables from Exchange Transactions	Other Creditors	182	182
Payables from Non-exchange Transactions	Staff Bonuses	817,926	800,170
Payables from Non-exchange Transactions	Staff Leave Accrued	2,491,942	1,899,300
Payables from Non-exchange Transactions	Staff Salaries	29,433,411	23,225,419
Payables from Non-exchange Transactions	Sundry Deposits	29,215,951	23,007,959
Current Portion of Long-term Liabilities	Annuity Loans	342,976	331,213
Current Portion of Long-term Liabilities	Finance Lease Liabilities	1,643,839	1,502,860
		129,170,217	98,953,608
Total Financial Liabilities		**129,170,217**	**98,953,608**

47.2 Fair Value

The following methods and assumptions were used to estimate the Fair Value of each class of Financial Instrument for which it is practical to estimate such value:

Cash
The carrying amount approximates the Fair Value because of the short maturity of these instruments.

Loan Receivables/Payables
Interest-bearing Borrowings and Receivables are generally at interest rates in line with those currently available in the market on a floating-rate basis, and therefore the Fair Value of these Financial Assets and Liabilities closely approximates their carrying values. Fixed interest-rate instruments are fair valued based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the

Trade and Other Receivables/Payables
The Fair Value of Trade and Other Payables is estimated at the present value of future cash flows.

The management of the municipality is of the opinion that the carrying value of Trade and Other Receivables recorded at amortised cost in the Annual Financial Statements approximate their fair values. The Fair Value of Trade Receivables were determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties as well as the current payment ratios of the municipality's debtors.

Other Financial Assets and Liabilities
The Fair Value of Other Financial Assets and Financial Liabilities (excluding Derivative Instruments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

Long-term Liabilities
The Fair Value of Long-term Liabilities was determined after considering the standard terms and conditions of agreements entered into between the municipality and the relevant financing institutions.

Management considers the carrying amounts of Financial Assets and Financial Liabilities recorded at amortised cost in the Annual Financial Statements to approximate their Fair Values on 30 June 2015, as a result of the short-term maturity of these assets and liabilities.

No Financial Instruments of the municipality have been reclassified during the year.

	2015	2014
	R	R

Assumptions used when determining Fair Value of Financial Assets and Financial Liabilities

The table below analyses Financial Instruments carried at Fair Value at the end of the reporting period by the level of fair-value hierarchy as required by GRAP 104. The different levels are based on the extent to which quoted prices are used in the calculation of the Fair Value of the Financial Instruments. The levels have been defined as follows:

Level 1:-
Fair Values are based on quoted market prices (unadjusted) in active markets for an identical instrument.

Level 2:-
Fair Values are calculated using valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active, or other valuation techniques where all significant inputs are directly or

Level 3:-
Fair Values are based on valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. Also, this category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

30 June 2015

	Level 1	Level 2	Level 3	Total
	R	R	R	R
FINANCIAL ASSETS				
Financial Instruments at Fair Value:				
Cash and Cash Equivalents	-	8,400	-	8,400
Total Financial Assets	-	8,400	-	8,400
Total Financial Instruments	-	8,400	-	8,400

30 June 2014

	Level 1	Level 2	Level 3	Total
	R	R	R	R
FINANCIAL ASSETS				
Financial Instruments at Fair Value:				
Cash and Cash Equivalents	-	8,400	-	8,400
Total Financial Assets	-	8,400	-	8,400
Total Financial Instruments	-	8,400	-	8,400

47.3 Capital Risk Management

The municipality manages its capital to ensure that the municipality will be able to continue as a going concern while delivering sustainable services to consumers through the optimisation of the debt and equity balance. The municipality's overall strategy remains unchanged from 2010.

The capital structure of the municipality consists of debt, which includes Cash and Cash Equivalents and Equity, comprising Funds, Reserves and Accumulated Surplus as disclosed in Note 20 and the Statement of Changes in Net Assets.

Gearing Ratio

	2015	2014
	R	R
The gearing ratio at the year-end was as follows:		
Debt	3,312,430	5,134,183
Cash and Cash Equivalents	(568,476)	(909,263)
Net Debt	2,743,954	4,224,920
Equity	243,966,987	268,364,348
Net debt to equity ratio	**1.12%**	**1.57%**

Debt is defined as Long-term Liabilities, together with its Short-term Portion.

Equity includes all Funds and Reserves of the municipality, disclosed as Net Assets in the Statement of Financial Performance and Net Debt as described above.

	2015	2014
	R	R

47.4 Financial Risk Management Objectives

The Accounting Officer has overall responsibility for the establishment and oversight of the municipality's risk management framework. The municipality's risk management policies are established to identify and analyse the risks faced by the municipality, to set appropriate risk limits and controls and to monitor risks and adherence to limits.

Due to the largely non-trading nature of activities and the way in which they are financed, municipalities are not exposed to the degree of financial risk faced by business entities. Financial Instruments play a much more limited role in creating or changing risks that would be typical of listed companies to which the IAS's mainly apply. Generally, Financial Assets and Liabilities are generated by day-to-day operational activities and are not held to manage the risks facing the municipality in undertaking its activities.

The Department Financial Services monitors and manages the financial risks relating to the operations through internal policies and procedures. These risks include interest rate risk, credit risk and liquidity risk. Compliance with policies and procedures is reviewed by the internal auditors on a continuous basis, and annually by external auditors. The municipality does not enter into or trade financial instruments for speculative purposes.

Internal audit, responsible for initiating a control framework and monitoring and responding to potential risk, reports periodically to the municipality's audit committee, an independent body that monitors the effectiveness of the internal audit function.

Further quantitative disclosures are included throughout these Annual Financial Statements.

47.5 Significant Risks

It is the policy of the municipality to disclose information that enables the user of its Annual Financial Statements to evaluate the nature and extent of risks arising from Financial Instruments to which the municipality is exposed on the reporting date.

The municipality has exposure to the following risks from its operations in Financial Instruments:
- Credit Risk;
- Liquidity Risk; and
- Market Risk.

Risks and exposures are disclosed as follows:

Market Risk
Market Risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the municipality's income or the value of its holdings in Financial Instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Credit Risk
Credit Risk is the risk of financial loss to the municipality if a customer or counterparty to a Financial Instrument fails to meet its contractual obligations and arises principally from the municipality's receivables from customers and investment securities.

Liquidity Risk
Liquidity Risk is the risk that the municipality will encounter difficulty in meeting the obligations associated with its Financial Liabilities that are settled by delivering cash or another financial asset. The municipality's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the municipality's reputation.

Liquidity Risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timeous basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.

A maturity analysis for Financial Liabilities (where applicable) that shows the remaining undiscounted contractual maturities is disclosed in Note 56.8 to the Annual Financial Statements.

47.6 Market Risk

The municipality's activities expose it primarily to the financial risks of changes in interest rates. No formal policy exists to hedge volatilities in the interest rate market.

There has been no change to the municipality's exposure to market risks or the manner in which it manages and measures the risk.

47.6.1 Foreign Currency Risk Management

The municipality's activities do not expose it to the financial risks of foreign currency and therefore has no formal policy to hedge volatilities in the interest rate market.

47.6.2 Interest Rate Risk Management

Interest Rate Risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes.

Potential concentrations of interest rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.

The municipality limits its counterparty exposures from its money investment operations by only dealing with Absa Bank, First National Bank, Nedbank or Standard Bank. No investments with a tenure exceeding twelve months are made.

Consumer Debtors comprise of a large number of ratepayers, dispersed across different industries and geographical areas. Consumer debtors are presented net of a provision for impairment.

	2015	2014
	R	R

In the case of debtors whose accounts become in arrears, it is endeavoured to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy. Consumer Deposits are increased accordingly.

The municipality is not exposed to credit interest rate risk as the municipality has no borrowings.

The municipality’s exposures to interest rates on Financial Assets and Financial Liabilities are detailed in the Credit Risk Management section of

47.7 Credit Risk Management

Credit Risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality. The municipality has a sound credit control and debt collection policy and obtains sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The municipality uses its own trading records to assess its major customers. The municipality’s exposure of its counterparties are monitored regularly.

Potential concentrations of credit rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.

Investments/Bank, Cash and Cash Equivalents

The municipality limits its counterparty exposures from its money market investment operations (financial assets that are neither past due nor impaired) by only dealing with Absa Bank, First National Bank, Nedbank or Standard Bank. No investments with a tenure exceeding twelve months are made

Trade and Other Receivables

Trade and Other Receivables are amounts owed by consumers and are presented net of impairment losses. The municipality has a credit risk policy in place and the exposure to credit risk is monitored on an ongoing basis. The municipality is compelled in terms of its constitutional mandate to provide all its residents with basic minimum services without recourse to an assessment of creditworthiness. Subsequently, the municipality has no control over the approval of new customers who acquire properties in the designated municipal area and consequently incur debt for rates and electricity services rendered to them.

The municipality limits this risk exposure in the following ways, in addition to its normal credit control and debt management procedures:

- The application of section 118(3) of the Municipal Systems Act (MSA), which permits the municipality to refuse connection of services whilst any amount remains outstanding from a previous debtor on the same property;
- A new owner is advised, prior to the issue of a revenue clearance certificate, that any debt remaining from the previous owner will be transferred to the new owner, if the previous owner does not settle the outstanding amount;
- The consolidation of rates and service accounts, enabling the disconnecting services for the non-payment of any of the individual debts, in terms of section 102 of the MSA;
- The requirement of a deposit for new service connections, serving as guarantee and are reviewed annually;
- Encouraging residents to install water management devices that control water flow to households, and/or prepaid electricity meters.

There were no material changes in the exposure to credit risk and its objectives, policies and processes for managing and measuring the risk during the year under review. The municipality’s maximum exposure to credit risk is represented by the carrying value of each financial asset in the Statement of Financial Position, without taking into account the value of any collateral obtained. The municipality has no significant concentration of credit risk, with exposure spread over a large number of consumers, and is not concentrated in any particular sector or geographical area.

The municipality establishes an allowance for impairment that represents its estimate of anticipated losses in respect of trade and other receivables.

Payment of accounts of consumer debtors, who are unable to pay, are renegotiated as an ongoing customer relationship in response to an adverse change in the circumstances of the customer in terms of the Credit Control and Debt Collection Policy.

The municipality does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The municipality defines counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings.

The major concentrations of credit risk that arise from the municipality's receivables in relation to customer classification are as follows:

	%	%
Consumer Debtors:		
- Household	61.89%	60.59%
- Industrial / Commercial	4.31%	6.25%
- National and Provincial Government	10.49%	6.19%
Other Debtors:		
- Other not Classified	33.84%	47.11%
Total Credit Risk	**110.54%**	**120.13%**
Bank and Cash Balances		
ABSA Bank Ltd	802,540	1,341,328
Cash Equivalents	8,400	8,400
Total Bank and Cash Balances	**810,940**	**1,349,728**

	2015	2014
	R	R

48 MULTI-EMPLOYER RETIREMENT BENEFIT INFORMATION

The municipality makes provision for post-retirement benefits to eligible councillors and employees, who belong to different pension schemes.

All councillors belong to the Pension Fund for Municipal Councillors.

Employees belong to a variety of approved Pension and Provident Funds as described below.

These funds are governed by the Pension Funds Act and include both defined benefit and defined contribution schemes.

All of these afore-mentioned funds are multi-employer plans and are subject to either a tri-annual, bi-annual or annual actuarial valuation, details which are provided below.

Sufficient information is not available to use defined benefit accounting for the pension and retirement funds, due to the following reasons:-
(i) The assets of each fund are held in one portfolio and are not notionally allocated to each of the participating employers.
(ii) One set of financial statements are compiled for each fund and financial statements are not drafted for each participating employer.
(iii) The same rate of contribution applies to all participating employers and no regard is paid to differences in the membership distribution of the participating employers.

It is therefore seen that each fund operates as a single entity and is not divided into sub-funds for each participating employer.

The only obligation of the municipality with respect to the retirement benefit plans is to make the specified contributions. Where councillors / employees leave the plans prior to full vesting of the contributions, the contributions payable by the municipality are reduced by the amount of forfeited contributions.

The total expense recognised in the Statement of Financial Performance of R represents contributions payable to these plans by the municipality at rates specified in the rules of the plans. These contributions have been expensed.

The Retirement Funds have been valued by making use of the Discounted Cash Flow method of valuation.

DEFINED BENEFIT SCHEMES

Cape Joint Pension Fund:
The scheme is subject to an annual actuarial valuation. The last statutory valuation was performed as at 30 June 2014. The scheme both operates a Defined benefit and Defined contribution scheme.

The statutory valuation performed as at 30 June 2014 revealed that the fund had a deficit of R 23.343 million (30 June 2013: R 10.030 million), with a funding level of 101.7,7% (30 June 2013: 99,2%). The contribution rate paid by the members (9,00%) and the municipalities (18,00%) is sufficient to fund the benefits accruing from the fund in the future.

DEFINED CONTRIBUTION SCHEMES

Cape Joint Retirement Fund:
The scheme is subject to an annual actuarial valuation. The last statutory valuation was performed as at 30 June 2013.

The statutory valuation performed as at 30 June 2013 revealed that the assets of the fund amounted to R 31,425 million (30 June 2012: (R 7,980))

Lekana Pension Fund (Previously SAMWU National Provident Fund)

The valuation performed as at 30 June 2008 revealed that the assets of the fund amounted to R 2,455,947 million (30 June 2005: R 1,511,461

SALA Pension Fund:
The scheme is subject to an annual actuarial valuation. The last statutory valuation was performed as at 1 July 2013.

The statutory valuation performed as at 1 July 2013 revealed that the assets of the fund amounted to R10 439.2 (1 July 2012: R 8 753.4) million,

	2015	2014
	R	R

49 RELATED PARTY TRANSACTIONS

All Related Party Transactions are conducted at arm's length, unless stated otherwise.

49.1 Interest of Related Parties

Councillors and/or management of the municipality had relationships with businesses during the financial period as indicated below:

Name of Related Person	Designation	Description of Related Party Relationship
Mr. T Mawonga	Municipal Manager	Director of Joe Gqabi Economic Development Agency.
Mr. T.Z. Notyeke	Councillor	Representative councilor of Gariep Local Municipality in Joe Gqabi District Municipality.

49.2 Services rendered to Related Parties

The services rendered to Related Parties are charged at approved tariffs that were advertised to the public. No Bad Debts were written off or in respect of amounts owed by Related Parties.

The amounts outstanding are unsecured and will be settled in cash. Consumer Deposits were received from Councillors, the Municipal Manager and Section 57 Personnel. No expense has been recognised in the period for bad or doubtful debts in respect of the amounts owed by related

49.3 Compensation of Related Parties

Compensation of Key Management Personnel and Councillors is set out in Notes 29, 30 and Appendix G, Statement of Remuneration of Management, to the Annual Financial Statements.

50 CONTINGENT LIABILITIES

	2015	2014
50.1 Court Proceedings:	**10,000,000**	**20,971,357**
(i) Dispute on Paying over of Fees: The municipality is being sued by Cape Joint Retirement Fund and Cape Joint Pension Fund, for not paying over fees collected on their behalf from employees.	-	601,920
(ii) Claim on IT System: A claim was received from Data -M Computers Sofware of loses sustained when the municipality terminated the contract.	-	369,437
(iii) Landfill licensing fees and penalties: Possible License Fees and Penalties to be paid in the licensing of Landfill Sites in terms of National Environmental Management Waste Act.	10,000,000	20,000,000

51 CONTINGENT ASSETS

The municipality was not engaged in any transaction or event during the year under review involving Contingent Assets.

52 IN-KIND DONATIONS AND ASSISTANCE

The municipality did not receive any In-kind Donations and Assistance during the year under review.

	2015	2014
	R	R

53 PRIVATE PUBLIC PARTNERSHIPS

The municipality was not a party to any Private Public Partnerships during the year under review.

54 EVENTS AFTER THE REPORTING DATE

No events having financial implications requiring disclosure occurred subsequent to 30 June 2015.

55 COMPARATIVE FIGURES

The comparative figures were restated as a result of the effect of Prior Period Errors (Note 41).

56 GOING CONCERN ASSESSMENT

Management considered the following matters relating to the Going Concern:

(i) On 28 May 2013 the Council adopted the 2013/14 to 2015/16 Budget. This three-year Medium Term Revenue and Expenditure Framework (MTREF) to support the ongoing delivery of municipal services to residents reflected that the Budget was cash-backed over the three-year period.

(ii) The municipality's Budget is subjected to a very rigorous independent assessment process to assess its cash-backing status before it is ultimately approved by Council.

(iii) Strict daily cash management processes are embedded in the municipality's operations to manage and monitor all actual cash inflows and cash outflows in terms of the cash-flow forecast supporting the Budget. The cash management processes is complemented by monthly and quarterly reporting, highlighting the actual cash position, including the associated risks and remedial actions to be instituted.

(iv) As the municipality has the power to levy fees, tariffs and charges, this will result in an ongoing inflow of revenue to support the ongoing delivery of municipal services. Certain key financial ratios, such as liquidity, cost coverage, debtors' collection rates and creditors' payment terms are closely monitored and the necessary corrective actions instituted.

Taking the aforementioned into account, management has prepared the Annual Financial Statements on the Going Concern Basis.

Gariep Municipality will however in all likelihood seize to exist in its current form in the foreseable future.
As per Circular 1-2015 of the Municipal Demarcation Board, as well as relevant public notices, the municipality will most likely be disestablished within the next 12 - 24 months.
This process will be facilitated by a merger between Gariep Municipality and Maletswai Municipality.

APPENDIX A
GARIEP MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2015

Details	Original Loan Amount	Interest Rate	Loan Number	Redeemable	Balance at 30 June 2014	Received during the Period	Redeemed/ Written Off during Period	Balance at 30 June 2015
	R				R	R	R	R
ANNUITY LOANS								
DBSA 61000317	3,000,000	5.00%	61000644	30/09/2018	1,552,974	-	318,893	1,234,081
Total Annuity Loans	**3,000,000**				**1,552,974**	**-**	**318,893**	**1,234,081**
CAPITAL LEASE LIABILITIES								
Multitech Office Equipment	7,082,205	9.00%	-	30/09/2016	3,581,209	-	1,502,860	2,078,349
Total Capital Lease Liabilities	**7,082,205**				**3,581,209**	**-**	**1,502,860**	**2,078,349**
TOTAL EXTERNAL LOANS	**10,082,205**				**5,134,183**	**-**	**1,821,753**	**3,312,430**

Annuity Loan:
Structured unsecured 10 year DBSA loan for various capital projects. Original loan capital of R3 000 000 is repayable semi-annually in fixed instalments of capital and fixed rate interest.

Finance Lease:
Structured unsecured 10 year Finance Lease with Multitech for 17 copiers and printers. Original loan capital of R7 082 205 is repayable monthly in fixed instalments of capital and fixed rate interest.

APPENDIX B

GARIEP MUNICIPALITY

ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2015

Description	Cost / Revaluation							Accumulated Depreciation / Impairment					Carrying
	Opening Balance	Additions	Fair Value Adjustment	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	Value
	R	R	R	R	R	R	R	R	R	R	R	R	R
Land and Buildings													
Land	4,700,914	-	-	-	-	-	4,700,914	-	-	-	-	-	4,700,914
Farms	73,697,605	-	-	-	-	-	73,697,605	-	-	-	-	-	73,697,605
Buildings	132,575,727	-	-	2,292,843	-	-	134,868,570	61,079,579	2,661,564	-	-	63,741,143	71,127,428
Total	**210,974,246**	**-**	**-**	**2,292,843**	**-**	**-**	**213,267,089**	**61,079,579**	**2,661,564**	**-**	**-**	**63,741,143**	**149,525,946**
Infrastructure													
Electricity													
Buildings	108,976	-	-	-	-	-	108,976	41,638	5,449	-	-	47,086	61,890
MV Network	9,507,790	-	-	-	-	-	9,507,790	3,463,452	236,198	-	-	3,699,651	5,808,139
Substation	8,522,391	-	-	-	-	-	8,522,391	3,404,352	283,012	-	-	3,687,364	4,835,026
LV Network	63,329,547	-	-	-	-	-	63,329,547	35,083,314	1,994,759	-	-	37,078,073	26,251,475
Roads													
Bridges	16,435,471	603,425	-	6,192,829	-	-	23,231,725	7,555,984	255,649	-	-	7,811,633	15,420,092
Storm Water	11,872,772	44,539	-	-	-	-	11,917,312	3,585,153	198,006	-	-	3,783,159	8,134,153
Road Structures	164,526,241	5,503,203	-	-	-	-	170,029,443	73,373,963	8,128,131	-	-	81,502,094	88,527,349
Traffic Management	321,184	6,873	-	-	-	-	328,058	120,174	24,985	-	-	145,159	182,899
Sanitation													
Solid Waste	8,527,162	-	-	-	-	-	8,527,162	400,666	400,666	-	-	801,331	7,725,831
Total	**283,151,534**	**6,158,040**	**-**	**6,192,829**	**-**	**-**	**295,502,403**	**127,028,695**	**11,526,855**	**-**	**-**	**138,555,549**	**156,946,854**
Leased Assets													
Office Equipment	11,006,768	-	-	-	-	-	11,006,768	7,832,388	1,416,441	-	-	9,248,829	1,757,939
Total	**11,006,768**	**-**	**-**	**-**	**-**	**-**	**11,006,768**	**7,832,388**	**1,416,441**	**-**	**-**	**9,248,829**	**1,757,939**
Other Assets													
Bins and Containers													
Household Refuse Bins	5,625.53	-	-	-	-	-	5,625.53	3,126.43	585.43	-	-	3,711.86	1,913.67
Computer Equipment													
Computer Hardware (including Op	840,291.87	-	-	-	-	-	840,291.87	366,683.75	119,322.18	-	-	486,005.92	354,285.94
CPU	59,194.32	-	-	-	-	-	59,194.32	35,462.37	7,578.60	-	-	43,040.97	16,153.36
Laptops	118,107.30	13,157.81	-	-	-	-	131,265.11	57,104.28	17,795.00	-	-	74,899.27	56,365.83
Monitors	49,067.43	-	-	-	-	-	49,067.43	25,723.05	6,263.25	-	-	31,986.30	17,081.13
Printer	11,615.45	-	-	-	-	-	11,615.45	7,370.24	1,523.63	-	-	8,893.87	2,721.58
Tablets	13,998.00	15,032.70	-	-	-	-	29,030.70	7,318.87	3,449.64	-	-	10,768.50	18,262.20

APPENDIX B
GARIEP MUNICIPALITY
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2015

Description	Cost / Revaluation							Accumulated Depreciation / Impairment					Carrying
	Opening Balance	Additions	Fair Value Adjustment	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	Value
	R	R	R	R	R	R	R	R	R	R	R	R	R
Emergency Equipment													
Fire Fighting Equipment	1,239.00	-	-	-	-	-	1,239.00	675.96	135.12	-	-	811.08	427.92
Medical and Allied Equipment:	1,061.90	-	-	-	-	-	1,061.90	541.24	108.19	-	-	649.43	412.47
Furniture and Fittings													
Audiovisual Equipment	48,017.00	3,947.32	-	-	-	-	51,964.32	22,201.41	5,768.37	-	-	27,969.78	23,994.54
Cabinets and Cupboards	399,648.73	2,305.65	-	-	-	-	401,954.38	204,138.48	43,734.61	-	-	247,873.09	154,081.29
Chairs	745,483.59	6,520.43	-	-	-	-	752,004.02	398,010.02	83,806.00	-	-	481,816.02	270,188.00
Desks and Tables	383,572.32	1,140.31	-	-	-	-	384,712.63	201,551.04	42,349.04	-	-	243,900.07	140,812.56
Domestic / Hostel Furniture	15,743.08	3,868.82	-	-	-	-	19,611.90	8,006.22	2,173.00	-	-	10,179.23	9,432.67
Domestic Equipment	70,212.77	1,688.60	-	-	-	-	71,901.37	34,900.31	8,495.29	-	-	43,395.60	28,505.76
Kitchen Appliances	87,227.26	2,499.96	-	-	-	-	89,727.22	46,001.45	9,810.27	-	-	55,811.72	33,915.50
Music Instruments	55,450.00	-	-	-	-	-	55,450.00	21,534.16	3,239.86	-	-	24,774.02	30,675.98
Other Furniture and Fittings	95,119.98	29,438.62	-	-	-	-	124,558.60	46,439.57	14,063.74	-	-	60,503.30	64,055.30
Office Equipment													
Office Equipment / Machines	1,366,586.77	7,577.00	-	-	-	-	1,374,163.77	723,742.99	161,300.76	-	-	885,043.75	489,120.02
Photographic Equipment	8,534.00	9,197.63	-	-	-	-	17,731.63	4,145.21	2,463.87	-	-	6,609.08	11,122.55
Plant and Equipment													
Firearms	108,600.00	-	-	-	-	-	108,600.00	52,818.99	10,558.01	-	-	63,377.00	45,223.00
Gardening Equipment	234,311.08	-	-	-	-	-	234,311.08	122,212.20	26,914.43	-	-	149,126.63	85,184.45
Other Plant and Equipment	4,798.00	-	-	-	-	-	4,798.00	2,617.66	523.24	-	-	3,140.90	1,657.10
Radio Equipment	12,600.00	-	-	-	-	-	12,600.00	6,183.26	1,774.29	-	-	7,957.55	4,642.45
Workshop Tools	528,933.51	56,468.41	-	-	-	-	585,401.92	255,804.53	64,395.57	-	-	320,200.11	265,201.81
Transport Assets													
Bakkies (LDV's)	1,457,500.00	-	-	-	-	-	1,457,500.00	415,933.56	153,352.82	-	-	569,286.38	888,213.62
Motor Cars	255,500.00	-	-	-	-	-	255,500.00	61,505.43	12,294.35	-	-	73,799.78	181,700.22
Trailers and Accessories	1,018,650.00	-	-	-	-	-	1,018,650.00	276,358.76	45,681.14	-	-	322,039.90	696,610.10
Trucks	111,000.00	-	-	-	-	-	111,000.00	34,380.87	6,872.41	-	-	41,253.28	69,746.72
							-						
Total	**8,107,689**	**152,843**	**-**	**-**	**-**	**-**	**8,260,532**	**3,442,492**	**856,332**	**-**	**-**	**4,298,824**	**3,961,708**
Total	**513,240,237**	**6,310,884**	**-**	**8,485,672**	**-**	**-**	**528,036,793**	**199,383,154**	**16,461,192**	**-**	**-**	**215,844,346**	**312,192,447**

APPENDIX B

GARIEP MUNICIPALITY

ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2015

Description	Cost / Revaluation							Accumulated Depreciation / Impairment					Carrying
	Opening Balance	Additions	Fair Value Adjustment	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	Value
	R	R	R	R	R	R	R	R	R	R	R	R	R
	R	R	R	R	R	R	R	R	R	R	R	R	R
Heritage													
Historic buildings	11,041,248	-	-	-	-	-	11,041,248	-	-	-	-	-	11,041,248
Total	**11,041,248**	**-**	**-**	**-**	**-**	**-**	**11,041,248**	**-**	**-**	**-**	**-**	**-**	**11,041,248**

GARIEP MUNICIPALITY

ANALYSIS OF INVESTMENT PROPERTIES AS AT 30 JUNE 2015

Description	Cost / Revaluation							Accumulated Depreciation / Impairment					Carrying
	Opening Balance	Additions	Fair Value Adjustment	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	Value
	R	R	R	R	R	R	R	R	R	R	R	R	R
Investment Properties													
Land	13,117,187	-	-	-	-	-	13,117,187	-	-	-	-	-	13,117,187
Buildings	2,536,516	-	-	-	-	-	2,536,516	1,377,198	45,312	-	-	1,422,510	1,114,005
Total	**15,653,702**	**-**	**-**	**-**	**-**	**-**	**15,653,702**	**1,377,198**	**45,312**	**-**	**-**	**1,422,510**	**14,231,192**

GARIEP MUNICIPALITY

ANALYSIS OF INTANGIBLE ASSETS AS AT 30 JUNE 2015

Description	Cost / Revaluation							Accumulated Depreciation / Impairment					Carrying
	Opening Balance	Additions	Fair Value Adjustment	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	Value
	R	R	R	R	R	R	R	R	R	R	R	R	R
Intangible Assets													
Computer Software	1,034,384	-	-	-	-	-	1,034,384	414,320	206,877	-	-	621,197	413,187
Total	**1,034,384**	**-**	**-**	**-**	**-**	**-**	**1,034,384**	**414,320**	**206,877**	**-**	**-**	**621,197**	**413,187**
Total Asset Register	**529,928,323**	**6,310,884**	**-**	**8,485,672**	**-**	**-**	**544,724,879**	**201,174,673**	**16,713,380**	**-**	**-**	**217,888,053**	**326,836,826**

APPENDIX D

GARIEP MUNICIPALITY

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2015

2014 Actual Income	2014 Budgeted Income	2014 Actual Expenditure	2014 Budgeted Expenditure	2014 Surplus/ (Deficit)	Description	2015 Actual Income	2015 Budgeted Income	2015 Actual Expenditure	2015 Budgeted Expenditure	2015 Surplus/ (Deficit)
R	R	R	R	R		R	R	R	R	R
					Municipal Governance and Administration					
9,740,135	7,759,537	14,048,537	15,963,369	(4,308,402)	Executive and Council	8,386,219	8,411,838	12,995,946	15,426,802	(4,609,727)
17,557,763	23,384,406	30,472,317	46,097,152	(12,914,554)	Budget and Treasury Office	19,103,587	22,986,975	32,157,527	31,090,144	(13,053,940)
2,260,850	1,814,782	3,670,292	4,820,176	(1,409,442)	Corporate Services	1,886,059	1,996,419	3,137,258	4,270,678	(1,251,199)
					Community and Public Safety					
3,955,181	4,639,031	6,253,944	7,560,184	(2,298,763)	Community and Social Services	3,809,343	4,537,748	5,793,400	6,407,116	(1,984,057)
1,325,887	784,328	1,643,589	1,691,483	(317,702)	Public Safety	1,274,742	1,535,880	1,766,816	1,778,764	(492,074)
704,661	1,540,352	2,102,774	2,868,673	(1,398,113)	Sport and Recreation	1,401,018	550,177	3,233,975	2,223,924	(1,832,957)
-	-	484,800	521,210	(484,800)	**Housing**	-	-	559,824	580,682	(559,824)
2,182,405	-	429,769	-	1,752,636	**Health**	105	-	451,429	-	(451,324)
					Economic and Environmental Services					
13,880,616	21,674,776	11,099,443	8,848,525	2,781,173	Roads and Transport	12,798,094	12,915,567	13,728,533	8,675,886	(930,439)
					Trading Services					
13,585,614	18,827,036	22,767,282	44,760,428	(9,181,668)	Electricity	18,092,444	24,400,276	22,897,104	30,373,737	(4,804,660)
18,021,509	18,268,543	3,400,964	10,561,729	14,620,545	Waste Management	12,740,600	25,365,594	4,294,170	9,276,325	8,446,430
-	-	2,243,444	3,264,980	(2,243,444)	**Other**	-	-	2,876,650	3,258,113	(2,876,650)
83,214,621	**98,692,791**	**98,617,155**	**146,957,909**	**(15,402,534)**	Sub-Total	**79,495,260**	**102,700,475**	**103,892,632**	**113,362,171**	**(24,397,372)**
					Revenue Foregone					
83,214,621	**98,692,791**	**98,617,155**	**146,957,909**	**(15,402,534)**	**Total**	**79,495,260**	**102,700,475**	**103,892,632**	**113,362,171**	**(24,397,372)**

APPENDIX E(1)
GARIEP MUNICIPALITY
RECONCILIATION OF BUDGETED FINANCIAL PERFORMANCE BY STANDARD CLASSIFICATION FOR THE YEAR ENDED 30 JUNE 2015

Description	2014/15									2013/14
	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Virement	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
	R	R	R	R	R	R	R	R	R	R
REVENUE - STANDARD										
Governance and Administration:										
Executive and Council	8,411,838	1,786	8,413,624	(1,786)	8,411,838	8,386,219	(25,619)	99.70	99.70	9,740,135
Budget and Treasury Office	26,183,864	(2,200,844)	23,983,020	(996,045)	22,986,975	19,103,587	(3,883,388)	83.11	72.96	17,557,763
Corporate Services	1,995,744	675	1,996,419	0	1,996,419	1,886,059	(110,360)	94.47	94.50	2,260,850
Community and Public Safety:										
Community and Social Services	4,819,885	(282,138)	4,537,747	1	4,537,748	3,809,343	(728,405)	83.95	79.03	3,955,181
Sport and Recreation	43,096	7,081	50,177	500,000	550,177	1,401,018	850,841	254.65	3,250.92	704,661
Public Safety	837,664	698,215	1,535,879	1	1,535,880	1,274,742	(261,138)	83.00	152.18	1,325,887
Health	-	-	-	-	-	105	105	0.00	0.00	2,182,405
Economic and Environmental Services:										
Road Transport	12,915,567	-	12,915,567	-	12,915,567	12,798,094	(117,473)	99.09	99.09	13,880,616
Trading Services:										
Electricity	39,278,249	(15,151,077)	24,127,172	273,104	24,400,276	18,092,444	(6,307,832)	74.15	46.06	13,585,614
Waste Management	19,085,618	(5,811,679)	13,273,939	12,091,655	25,365,594	12,740,600	(12,624,994)	50.23	66.75	18,021,509
Total Revenue - Standard	113,571,525	(22,737,981)	90,833,544	11,866,931	102,700,475	79,495,260	(23,205,215)	77.40	70.00	83,214,621
EXPENDITURE - STANDARD										
Governance and Administration:										
Executive and Council	16,008,077	(581,275)	15,426,802	0	15,426,802	12,995,946	(2,430,856)	84.24	81.18	14,048,537
Budget and Treasury Office	35,347,294	(4,210,350)	31,136,944	(46,800)	31,090,144	32,157,527	1,067,383	103.43	90.98	30,472,317
Corporate Services	6,148,743	(1,878,064)	4,270,679	(1)	4,270,678	3,137,258	(1,133,420)	73.46	51.02	3,670,292
Community and Public Safety:										
Community and Social Services	7,061,253	(654,200)	6,407,053	63	6,407,116	5,793,400	(613,716)	90.42	82.04	6,253,944
Sport and Recreation	1,461,745	262,178	1,723,923	500,001	2,223,924	3,233,975	1,010,051	145.42	221.24	2,102,774
Public Safety	1,806,502	(27,738)	1,778,764	0	1,778,764	1,766,816	(11,948)	99.33	97.80	1,643,589
Housing	556,650	24,031	580,681	1	580,682	559,824	(20,858)	96.41	100.57	484,800
Health	-	-	-	-	-	451,429	451,429	0.00	0.00	429,769
Economic and Environmental Services:										
Road Transport	13,598,645	(1,734,647)	11,863,998	70,001	11,933,999	16,605,183	4,671,184	139.14	122.11	13,342,887
Trading Services:										
Electricity	28,936,223	1,437,513	30,373,736	1	30,373,737	22,897,104	(7,476,633)	75.38	79.13	22,767,282
Waste Management	11,189,989	(1,913,664)	9,276,325	0	9,276,325	4,294,170	(4,982,155)	46.29	38.38	3,400,964
Total Expenditure - Standard	122,115,121	(9,276,216)	112,838,905	523,266	113,362,171	103,892,632	(9,469,539)	91.65	85.08	98,617,155
Surplus/(Deficit) for the year	**(8,543,596)**	**(13,461,765)**	**(22,005,361)**	**11,343,665**	**(10,661,696)**	**(24,397,372)**	**(13,735,676)**	**0.00**	**0.00**	**(15,402,534)**

APPENDIX E (2)
GARIEP MUNICIPALITY
RECONCILIATION OF BUDGETED FINANCIAL PERFORMANCE BY MUNICIPAL VOTE FOR THE YEAR ENDED 30 JUNE 2015

Description	2014/15									2013/14
	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Virement	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
	R	R	R	R	R	R	R	R	R	R
REVENUE BY VOTE										
Vote 1 - EXECUTIVE	4,817,503	-	4,817,503	-	4,817,503	3,387,989	(1,429,514)	70.33	70.33	4,702,487
Vote 2 - BUDGET & TREASURY OFFICE	26,183,864	(2,200,844)	23,983,020	(996,045)	22,986,975	19,103,587	(3,883,388)	83.11	72.96	17,557,763
Vote 3 - COUNCIL	3,594,335	1,786	3,596,121	(1,786)	3,594,335	4,998,230	1,403,895	139.06	139.06	5,037,648
Vote 4 - CORPORATE SERVICES	1,995,744	675	1,996,419	0	1,996,419	1,886,059	(110,360)	94.47	94.50	2,260,850
Vote 5 - COMMUNITY SERVICES	5,700,645	423,158	6,123,803	500,002	6,623,805	6,485,208	(138,597)	97.91	113.76	8,168,134
Vote 6 - TECHNICAL SERVICES	71,279,434	(20,962,756)	50,316,678	12,364,759	62,681,437	43,634,187	(19,047,250)	69.61	61.22	45,487,739
Total Revenue by Vote	113,571,525	(22,737,981)	90,833,544	11,866,931	102,700,475	79,495,260	(23,205,215)	77.40	70.00	83,214,621
EXPENDITURE BY VOTE										
Vote 1 - EXECUTIVE	4,677,041	875,900	5,552,941	0	5,552,941	4,524,173	(1,028,768)	81.47	96.73	5,010,803
Vote 2 - BUDGET & TREASURY OFFICE	35,347,294	(4,210,350)	31,136,944	(46,800)	31,090,144	32,157,527	1,067,383	103.43	90.98	30,472,317
Vote 3 - COUNCIL	11,331,036	(1,457,175)	9,873,861	0	9,873,861	8,471,773	(1,402,088)	85.80	74.77	9,037,734
Vote 4 - CORPORATE SERVICES	6,148,743	(1,878,064)	4,270,679	(1)	4,270,678	3,137,258	(1,133,420)	73.46	51.02	3,670,292
Vote 5 - COMMUNITY SERVICES	10,329,500	(419,760)	9,909,740	500,064	10,409,804	11,245,620	835,816	108.03	108.87	10,430,076
Vote 6 - TECHNICAL SERVICES	54,281,507	(2,186,767)	52,094,740	70,003	52,164,743	44,356,281	(7,808,462)	85.03	81.72	39,995,933
Total Expenditure by Vote	122,115,121	(9,276,216)	112,838,905	523,266	113,362,171	103,892,632	(9,469,539)	91.65	85.08	98,617,155
Surplus/(Deficit) for the year	**(8,543,596)**	**(13,461,765)**	**(22,005,361)**	**11,343,665**	**(10,661,696)**	**(24,397,372)**	**(13,735,676)**	**0.00**	**0.00**	**(15,402,534)**

APPENDIX E (3)
GARIEP MUNICIPALITY
RECONCILIATION OF BUDGETED FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2015

Description	2014/15										2013/14
	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
	R	R	R	R	R	R	R	R	R	R	R
Revenue by Source											
Property Rates	-	9,368,899	9,368,899	7	9,368,906	6,511,217	-	(2,857,689)	69.50	0.00	7,637,440
Property Rates - Penalties & Collection Charges	10,077,000	(10,077,000)	-	-	-	-	-	-	0.00	0.00	34,986
Service Charges - Electricity	25,216,233	(3,680,859)	21,535,374	273,103	21,808,477	16,121,975	-	(5,686,502)	73.93	63.93	11,370,692
Service Charges - Water	-	-	-	-	-	-	-	-	0.00	0.00	-
Service Charges - Sanitation	-	-	-	-	-	-	-	-	0.00	0.00	-
Service Charges - Refuse	11,791,654	(5,811,679)	5,979,975	11,791,655	17,771,630	7,057,059	-	(10,714,571)	39.71	59.85	11,864,062
Service Charges - Other	14,073	-	14,073	0	14,073	(3,047)	-	(17,120)	0.00	0.00	88
Rental of Facilities and Equipment	436,962	(276,621)	160,341	2	160,343	122,966	-	(37,377)	76.69	28.14	188,297
Interest Earned - External Investments	1,164,886	230,372	1,395,258	0	1,395,258	159,507	-	(1,235,751)	11.43	13.69	181,930
Interest Earned - Outstanding Debtors	5,824,833	(32,983)	5,791,850	0	5,791,850	7,243,571	-	1,451,721	125.06	124.36	2,619,579
Fines	19,896	(11,160)	8,736	(0)	8,736	5,433	-	(3,303)	62.19	27.31	14,443
Agency Services	5,066,621	(3,539,817)	1,526,804	1,514,287	3,041,091	1,807,252	-	(1,233,839)	59.43	35.67	3,168,619
Transfers Recognised - Operational	(193,465,151)	(194,185,256)	(387,650,407)	(1,721,318)	(389,371,725)	18,119,201	-	407,490,926	0.00	0.00	43,525,128
Other Revenue	11,929,367	(11,428,451)	500,916	9,194	510,110	398,126	-	(111,984)	78.05	3.34	2,609,357
Total Revenue (excluding Capital Transfers & Contribu	(121,923,626)	(219,444,555)	(341,368,181)	11,866,931	(329,501,251)	57,543,260	-	387,044,511	0.00	0.00	83,214,621
Expenditure											
Employee Related Costs	36,202,366	(4,502,288)	31,700,078	(1)	31,700,077	30,448,022	-	(1,252,055)	96.05	84.11	29,411,893
Remuneration of Councillors	3,105,272	594,728	3,700,000	-	3,700,000	2,976,395	-	(723,605)	80.44	95.85	2,853,279
Debt Impairment	2,900,541	39,929	2,940,470	0	2,940,470	8,335,381	5,394,911	5,394,911	283.47	287.37	4,267,624
Depreciation and Asset Impairment	8,644,916	-	8,644,916	-	8,644,916	16,837,004	8,192,088	8,192,088	194.76	194.76	16,715,249
Finance Charges	2,563,200	552,593	3,115,793	0	3,115,793	5,436,725	2,320,932	2,320,932	174.49	212.11	4,871,502
Bulk Purchases	22,577,809	1,725,367	24,303,176	0	24,303,176	15,655,415	-	(8,647,761)	64.42	69.34	15,164,893
Other Materials	883,779	19,343	903,122	70,001	973,123	1,433,167	460,044	460,044	147.28	162.16	664,873
Contracted Services	12,301,745	(6,479,808)	5,821,937	(47,000)	5,774,937	6,704,511	929,574	929,574	116.10	54.50	11,337,449
Transfers and Grants	19,738,423	(2,189,909)	17,548,514	500,200	18,048,714	2,424,253	-	(15,624,461)	13.43	12.28	353,884
Other Expenditure	13,197,070	963,829	14,160,899	66	14,160,965	13,641,759	-	(519,206)	96.33	103.37	12,976,509
Total Expenditure	122,115,121	(9,276,216)	112,838,905	523,266	113,362,171	103,892,632	17,297,549	(9,469,539)	91.65	85.08	98,617,155
Surplus/(Deficit)	(244,038,747)	(210,168,339)	(454,207,086)	11,343,665	(442,863,421)	(46,349,372)	(17,297,549)	396,514,049	0.00	0.00	(15,402,534)
Transfers Recognised - Capital	235,495,151	196,706,574	432,201,725	-	432,201,725	21,952,000	-	(410,249,725)	5.08	9.32	-
Surplus/(Deficit) for the Year	**(8,543,596)**	**(13,461,765)**	**(22,005,361)**	**11,343,665**	**(10,661,696)**	**(24,397,372)**	**(17,297,549)**	**(13,735,676)**	**-**	**-**	**(15,402,534)**

APPENDIX E(4)
GARIEP MUNICIPALITY
RECONCILIATION OF BUDGETED CAPITAL EXPENDITURE FOR THE YEAR ENDED 30 JUNE 2015

Description	2014/15								
	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Virement	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R	R
CAPITAL EXPENDITURE - STANDARD									
Governance and Administration:									
Executive and Council	600,000	-	600,000	-	600,000	152,843	(447,157)	25.47	25.47
Community and Public Safety:									
Community and Social Services	3,128,160	(3,128,160)	-	-	-	-	-	0.00	0.00
Economic and Environmental Services:									
Road Transport	7,299,040	3,128,160	10,427,200	-	10,427,200	9,969,147	(458,053)	95.61	136.58
Total Capital Expenditure - Standard	**11,027,200**	**-**	**11,027,200**	**-**	**11,027,200**	**10,121,990**	**(905,210)**	**91.79**	**91.79**

APPENDIX E(5)
GARIEP MUNICIPALITY
RECONCILIATION OF BUDGETED CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2015

Description	2014/15								2013/14
	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Outcome
	R	R	R	R	R	R	R	R	R
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts									
Ratepayers and Other	65,834,000	-	65,834,000	65,834,000	27,601,924	(38,232,076)	41.93	41.93	34,000,945
Government - Operating	(193,778,951)	(196,706,574)	(390,485,525)	(390,485,525)	15,012,999				13,282,761
Government - Capital	235,495,151	196,706,574	432,201,725	432,201,725	21,952,000	(410,249,725)	5.08	9.32	27,216,182
Interest	5,825,000	-	5,825,000	5,825,000	159,507	(5,665,493)	2.74	2.74	181,930
Payments									
Suppliers and Employees	(90,819,287)	(2,189,909)	(93,009,196)	(92,508,996)	(45,460,497)	47,048,500	0.00	0.00	(53,781,686)
Finance Charges	(241,542)	-	(241,542)	(241,542)	(5,436,725)	(5,195,183)	0.00	0.00	(4,871,502)
Transfers and Grants	(19,738,423)	2,189,909	(17,548,514)	(18,048,714)	(2,424,253)	15,624,461	0.00	0.00	(353,884)
NET CASH FROM / (USED) OPERATING ACTIVITIES	2,575,948	-	2,575,948	2,575,948	11,404,955	(396,669,517)	442.75	442.75	15,674,746
Payments									
Capital Assets	(10,427,200)	-	(10,427,200)	(10,427,200)	(10,121,990)	305,210	0.00	0.00	(12,496,973)
NET CASH FROM / (USED) INVESTING ACTIVITIES	(10,427,200)	-	(10,427,200)	(10,427,200)	(10,121,990)	305,210	0.00	0.00	(12,496,973)
CASH FLOWS FROM FINANCING ACTIVITIES									
Payments									
Loans repaid	(894,155)	-	(894,155)	(894,155)	(1,821,753)	(927,598)	0.00	0.00	(2,711,548)
NET CASH FROM / (USED) FINANCING ACTIVITIES	(894,155)	-	(894,155)	(894,155)	(1,821,753)	(927,598)	0.00	0.00	(2,711,548)
	894,155		**894,155**	**894,155**	1,821,753				2,711,548
NET INCREASE / (DECREASE) IN CASH HELD	8,745,407	-	8,745,407	8,745,407	538,788	(8,206,619)	6.16	6.16	(466,225)
Cash / Cash Equivalents at the Year begin:	(67,958,290)	68,407,155	448,865	448,865	1,349,728	900,863	300.70	0.00	883,503
Cash / Cash Equivalents at the Year end:	(76,703,697)	68,407,155	(8,296,542)	(8,296,542)	810,940	9,107,482	0.00	0.00	1,349,728

APPENDIX F

GARIEP MUNICIPALITY

DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 0F 2003

Grants and Subsidies Received

Name of Grant	Name of Organ of State or Municipal Entity									Grants and Subsidies Delayed / Withheld				
		Sept	Dec	March	June	Sept	Dec	March	June	June	Sept	Dec	March	June
Financial Management Grant	National Treasury	1,800,000				142,791	605,753	331,312	706,140	0	0	0	0	0
Equitable share	National Treasury	9,458,000	7,266,000	4,272,000		5,249,000	5,249,000	5,249,000	5,249,000	1,000,000	2,000,000	2,800,000	0	0
Municipal Infrastructure Grant	COGTA	3,392,000	4,046,000	3,538,000		2,315,251	3,884,272	3,346,379	1,548,901	0	0	0	0	0
Municipal System Improveme	COGTA	934,000				103,250	112,572	102,653	458,275	0	0	0	0	0
Extended Public Works Prog	artment of Public W	400,000	300,000	300,000			462,640	532,120	3,240	0	0	0	0	0
LGWSETA Incentive Grant	SETA									0	0	0	0	0
DSRAC Libraries	DSRAC		1,147,000			271,396	347,477	263,022	265,105	0	0	0	0	0
Capacity Building Grant	COGTA					14,000	14,000	26,559	14,000	0	0	0	0	0
Local government Support	COGTA									0	0	0	0	0
Department of Economic Dev	Gariep Pick it up		500,000			511,600	9,500	522,000	320,947	N/A	0	0	0	0
Total Grants and Subsidies Received		**15,984,000**	**13,259,000**	**8,110,000**	**0**	**8,607,289**	**10,685,215**	**10,373,044**	**8,565,607**	**1,000,000**	**2,000,000**	**2,800,000**	**0**	**0**

APPENDIX G
GARIEP MUNICIPALITY
STATEMENT OF REMUNERATION OF MANAGEMENT

30 June 2015

Incumbent	Basic Salaries	Bonuses	Allowances	Contributions to Funds	Other Short-term Benefits	Any Other Benefits	Total Remuneration
	R	R	R	R	R	R	R
Mayor							
NW Ngoqo	672,763	-	24,468	-	-	-	697,231
Other Councillors							
SB Kolasi	201,829	-	24,468	-	-	-	226,297
E Brien	201,829	-	24,468	-	-	-	226,297
MK Mnyombolo	259,014	-	24,468	-	-	-	283,482
TZ Notyeke	201,829	-	24,468	-	-	-	226,297
N Mabunu	259,014	-	24,468	-	-	-	283,482
B Kweyiya	259,014	-	24,468	-	-	-	283,482
P Kayster	201,829	-	24,468	-	-	-	226,297
AM van Zyl	201,829	-	24,468	-	-	-	226,297
NTT Kula	259,014	-	24,468	-	-	-	283,482
Municipal Manager							
T Mawonga	836,116		322,425	63,401		25,524	1,247,466
Chief Financial Officer							
Acting Allowance: S Mcingane	18,003	-	-	-	-	-	18,003
ML Mosala	217114.88		6000	620.28		228405.2	
Manager: Community Services							
Acting Allowance: N M Raisa	29,495	-	-	-	-	-	29,495
Manager: Corporate Services							
Acting Allowance: S J Sontashe	20,972	-	-	-	-	-	20,972
Manager: Infrastructure							
	-	-	-	-	-	-	-
Manager: Strategic Services							
	-	-	-	-	-	-	-
Manager: Technical Services							
Z. Nongene	280,841	-	67,600	13,459	-	-	361,900
Total for Management	**4,120,507**	**-**	**640,705**	**77,480**	**-**	**253,930**	**4,640,481**

30 June 2014

Incumbent	Basic Salaries	Bonuses	Allowances	Contributions to Funds	Other Short-term Benefits	Any Other Benefits	Total Remuneration
	R	R	R	R	R	R	R
Mayor							
NW Ngoqo	403,283	-	177,204	39,668	8,309	-	628,464
Other Councillors							
SB Kolasi	196,759	-	18,114	-	-	-	214,873
E Brien	196,759	-	18,114	-	-	-	214,873
MK Mnyombolo	250,707	-	18,114	-	-	-	268,821
TZ Notyeke	150,858	-	64,015	-	-	-	214,873
N Mabunu	191,800	-	77,021	-	-	-	268,821
B Kweyiya	250,707	-	18,114	-	-	-	268,821
P Kayster	196,759	-	18,114	-	-	-	214,873
AM van Zyl	150,858	-	64,015	-	-	-	214,873
NTT Kula	263,552	-	18,114	-	-	-	281,666
Municipal Manager							
T Mawonga	824,364	179,048	287,285	50,055	-	19,284	1,360,036
Chief Financial Officer							
ML Mosala	636,982	163,295	18,000	87,334	-	17,643	923,254
Manager: Community Services							
L Nyezi	385,982	148,238	197,115	65,416	62,143	20,970	879,863
Manager: Corporate Services							
MN Pietersen & W Nodwele	109,200	7,000	113,295	-	-	-	229,495
Manager: Infrastructure							
	-	-	-	-	-	-	-
Manager: Strategic Services							
	-	-	-	-	-	-	-
Manager: Technical Services							
L Majikijela & Z. Nongene	24,708	94,551	-	-	-	-	119,259
Total for Management	**4,208,569**	**497,581**	**1,106,635**	**242,473**	**70,452**	**57,896**	**6,183,606**